



Tier 2 capital

Issuer	UBS AG Stamford Branch
ISIN	US90261XBY76
Issue Date	26.07.2006
Currency	USD
Nominal (million)	637.2
Coupon Rate	5.875%
Maturity Date	15.07.2016
First Call Date	-

FINAL TERMS

PRICING SUPPLEMENT NO. 10
(To Offering Circular dated March 15, 2006)

July 26, 2006

UBS AG, STAMFORD BRANCH MEDIUM-TERM NOTES \$15,000,000,000

Terms defined in the Offering Circular, dated March 15, 2006, shall have the same meanings herein.

1. Series designation and Tranche number:	\$1,000,000,000 5.875% Subordinated Notes due July 15, 2016, Series 10, Tranche number 1
2. Issue Date:	July 26, 2006
3. (a) Aggregate Principal Amount:	\$1,000,000,000
(b) Issue Price:	99.838% of the principal amount of the notes
4. Authorized Denomination(s):	\$100,000 and multiples of \$1,000 in excess of \$100,000
5. Specified Currency or Specified Currencies:	U.S. dollars
6. Interest/Payment Basis: and if more than one, the dates during which each Interest/Payment Basis will apply:	Fixed rate notes
7. Interest Commencement Date (if other than the Issue Date):	Issue date
8. Maturity Date:	July 15, 2016
9. Maturity Date Principal Payment Amount:	100% of the principal amount of the notes
10. Notes payable in installments:	N/A
(a) Installment Dates:	
(b) Installment Amounts:	
11. Fixed Rate Notes:	
(a) Fixed Rate of Interest:	5.875% per annum
(b) Fixed Interest Payment Dates (if other than March 15 and September 15):	January 15 and July 15 of each year, commencing on January 15, 2007.
(c) Record Dates (if other than the fifteenth day before the relevant Fixed Interest Payment Date):	
(c) Initial Fixed Interest Payment Date:	January 15, 2007

(e)	Basis for computing interest for a period other than a full year, if different than specified in the Conditions:	N/A
(f)	Other terms for computing interest:	N/A
12.	Floating Rate Notes:	N/A
(a)	Reference Rate:	
(b)	Index Maturity:	
(c)	Relevant Screen Page (if Designated CMT Telerate Page is 7052, also specify "week" or "month"):	
(d)	Spread (indicate + or -):	
(e)	Spread Multiplier:	
(f)	Minimum Interest Rate:	
(g)	Maximum Interest Rate:	
(h)	Initial Interest Rate:	
(i)	Floating Interest Payment Dates (if Interest Reset Periods are daily, weekly or monthly, specify whether Floating Interest Payment Dates are monthly or quarterly):	
(j)	Record Dates (of other than the fifteenth day before the relevant Floating July 18, 2002 Interest Payment Date)	
(k)	Initial Floating Interest Payment Date:	
(l)	Interest Reset Period:	
(m)	Interest Rate Reset Dates:	
(n)	Interest Determination Dates, if different from those specified in the Conditions:	
13.	Zero Coupon Notes:	N/A
(a)	Accrual Yield:	
(b)	Reference Price:	
(c)	Any other formula/basis of determining amount payable:	
14.	Indexed Notes:	N/A
(a)	Index:	
(b)	Indexed Principal Amount:	
(c)	Indexed Coupon Amount:	
(d)	Indexed Coupon Payment Dates:	
(e)	Formula:	

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|-----|---|-----|
| (f) | Indexed Currency: | |
| (g) | Indexed Commodity: | |
| (h) | Stock Index: | |
| (i) | Other price or economic measures relating to Index: | |
| (j) | Face Amount: | |
| (k) | Early Indexed Note Redemption/Repayment Amount: | |
| (l) | Original Index Calculation Agent: | |
| (m) | Substitute Index Calculation Agent: | |
| (n) | Method for calculating amounts if Index cannot be calculated as originally contemplated: | |
| (o) | Historical and other information related to Index or Underlying Asset: | |
| (p) | Material U.S. Federal tax consequences particular to holding of the Notes: | |
| 15. | Multi-Currency Notes: | N/A |
| (a) | Rate of Exchange: | |
| (b) | Provisions where calculation by reference to Rate of Exchange is impossible and/or impracticable: | |
| (c) | Person at whose option any Specified Currency or Currencies is or are to be payable: | |
| 16. | Redemption: | |
| (a) | At option of Issuer (other than for taxation reasons) (Yes/No): | No |
| (b) | Optional Redemption Date(s): | |
| (c) | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | |
| (d) | Minimum Redemption Amount: | |
| (e) | Higher Redemption Amount: | |
| (f) | Notice Period (if different from that specified in Condition 8(b)): | |
| 17. | Optional Repayment: | |
| (a) | Repayment at option of holder (Yes/No): | No |
| (b) | Optional Repayment Dates: | |
| (c) | Optional Repayment Amount(s) and method, if any, of calculation of such amount(s): | |
| (d) | Notice Period (if different from that specified in Condition 8(c)): | |

18. Early Redemption/Repayment Amount(s) payable on redemption for taxation reasons or in respect of Zero Coupon Notes and/or the method of calculating the same (if different from that specified in Condition 7):	N/A
19. Status of Obligations (i.e., whether Notes are Senior Notes or Subordinated Notes):	The notes will be unsecured and subordinated obligations
20. Talons for future Coupons to be attached to Definitive Bearer Notes (and dates on which such talons are exchangeable):	No
21. Calculation Agent (if other than the Fiscal Agent):	The fiscal agent will act as calculation agent
22. Details related to any relevant stabilizing manager:	UBS Securities LLC
23. Additional selling restrictions:	N/A
24. Other terms or special conditions or modifications:	Subject to applicable law, no noteholder may exercise or claim any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Bank, arising under or in connection with the notes and each noteholder will, by virtue of subscribing for, purchasing or holding any note, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.
25. Applicable definition of Business Day (if different from that specified in the Conditions):	See "Description of Notes We May Offer – Special Rate Calculation Terms" of the Offering Circular, dated March 15, 2006
26. As Applicable:	
Euroclear and Cedel common code:	026279356
ISIN number:	US90261XBY76
CUSIP number:	90261XBY7
CINS number:	N/A

27. Details of additional/alternative clearance system for the Notes:	The notes will be ready for delivery in book-entry form through the facilities of The Depository Trust Company (“DTC”) as well as through the facilities of other clearing systems that participate in DTC, including Clearstream Banking, <i>société anonyme</i> , or Euroclear Bank S.A/N.V., as operator of the Euroclear system, as the case may be
28. Whether the Notes are convertible automatically/at option of Issuer and/or Noteholders into Notes of another Interest/Payment Basis:	No
29. Notes to be listed on any securities exchange:	Application has been made to list the notes on the Euro MTF market
30. Form of Notes:	The notes will be issued in the form of one or more fully registered global notes, registered in the name of DTC or its nominee
31. Intended use of proceeds, if other than as described in the Offering Circular:	The net proceeds of the sale of the notes will be used by the Branch for general banking purposes outside Switzerland, including making advances to other branches of the Bank
32. Method of distribution (syndicated/non-syndicated):	Syndicated

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|---|---|
| 33. Name(s) of the Agent(s) or syndicate of Agent(s) that are to offer and sell the Notes to be issued: | UBS Securities LLC, Banc of America Securities LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., ING Belgium SA/NV, J.P. Morgan Securities Inc., Lloyds TSB Bank plc, Greenwich Capital Markets, Inc., and Wachovia Capital Markets LLC |
| 34. Notes considered to be issued with original issue discount for U.S. federal tax purposes: | No |
| (a) Yield to maturity: | |
| (b) Amount of original issue discount: | |
| (c) Formula/basis for determining amount payable upon redemption: | |
| 35. Notes considered “contingent payment debt instruments” (Yes/No): | No |
| If “Yes,” the following are the material U.S. federal tax consequences particular to the holding of such Notes: | |

Dated: July 26, 2006

UBS AG,
STAMFORD BRANCH

By: _____
Name:
Title:

By: _____
Name:
Title:



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Specific Terms of the Notes

The following description of the particular terms of the notes supplements, and to the extent it is inconsistent replaces, the descriptions of the general terms and provisions of the notes set forth in the accompanying offering circular. Please note that references to “UBS AG,” “we,” “our” and “us” refer only to UBS AG and not to its consolidated subsidiaries. References to “UBS” refer to UBS AG and its consolidated subsidiaries.

In this section, references to “holders” mean those who own the notes registered in their own names, on the books that we or the fiscal agent maintain for this purpose, and not those who own beneficial interests in the notes registered in street name or in the notes issued in book-entry form through DTC or another depository. Owners of beneficial interests in the notes should read the section entitled “Description of Notes We May Offer—Clearing and Settlement of global notes” in the accompanying offering circular.

Please note that the issue price on the front cover of this offering circular supplement relates only to the initial sale of the notes to public. If you purchased the notes in a market-making transaction after the initial sale, information about the price and date of sale will be provided to you in a separate confirmation of sale.

We describe the terms of the notes in more detail below.

Aggregate Proposed Amount

The notes are offered in an aggregate principal amount of \$1,000,000,000. The provisions of the fiscal agency agreement permit the Branch to “reopen” the issue of the notes and issue additional amounts of notes from time to time.

Denominations

The notes will be issued only in denominations of \$100,000 and integral multiples of \$1,000 in excess of \$100,000.

Coupon

The notes will be fixed rate notes, as described in the accompanying offering circular, and will bear interest at an annual rate equal to 5.875%, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Redemption for Tax Reasons

The Branch may elect to redeem the notes in whole, but not in part, if the Branch determines that, as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the United States or Switzerland or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings, the Branch has or will become obligated to pay additional amounts with respect to the notes as described under “Description of the Notes We May Offer—Additional Amounts” in the accompanying offering circular. See “Description of the Notes We May Offer—Redemption, Repayment and Repurchase—Redemption for Tax Reasons” in the accompanying offering circular.

Specific Terms of the Notes

No Redemption at Option of the Holder

The holders of the notes will not have the right to require the Branch or the Bank to redeem the notes prior to their maturity date.

Form

The notes will be issued in the form of one or more fully registered global notes, registered in the name of DTC or its nominee. See “Description of Notes We May Offer—Form of Notes; Title—DTC Global Registered Notes” in the accompanying offering circular. Except in the limited circumstances described in the accompanying offering circular under “Description of Notes We May Offer—Issue of Definitive Notes,” the notes will not be available in definitive form.

Clearing and Settlement

Beneficial interests in the global notes will be shown on, and transfers of those interests will be effected only through, records maintained by DTC and its participants including Clearstream and Euroclear. See “Description of Notes We May Offer—Clearing and Settlement” in the accompanying offering circular.

Currency of Payment

The principal of and interest on the notes will be payable in U.S. dollars or in such other coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

No Insurance

The notes are not insured by the Federal Deposit Insurance Corporation or any other government agency of the United States, Switzerland or any other jurisdiction.

Modifications to Notes and Fiscal Agency Agreement

With the consent of the holders of at least a majority in aggregate principal amount of the notes at the time outstanding to be affected, modifications and amendments to the notes and the fiscal agency agreement may be made by the Branch and the fiscal agent, and future compliance with or past default by the Branch under the notes or the fiscal agency agreement may be waived, as described in the accompanying offering circular. See “Description of Notes We May Offer—Modifications, Waivers and Amendments” in the accompanying offering circular.

Elimination of Rights of Set-off and Counterclaim

Subject to applicable law, no noteholder may exercise or claim any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Bank, arising under or in connection with the notes and each noteholder will, by virtue of subscribing for, purchasing or holding any note, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention.

Ranking

The notes will be unsecured and subordinated obligations of the Bank and the Branch. In the event of any liquidation of the Bank or the occurrence of bankruptcy, insolvency, rehabilitation or similar proceedings, the notes will rank subordinate to the deposit liabilities of the Branch and the Bank as a whole and the other liabilities of the Branch and the Bank as a whole, except liabilities that by their

Specific Terms of the Notes

terms rank equally with or subordinate to the notes. See “Description of Notes We May Offer—Status of Obligations—Subordinated Notes” in the accompanying offering circular.

Only those events described under “Description of Notes We May Offer—Events of Default—Subordinated Notes” in the accompanying offering circular (each, an “Event of Default”), all of which relate to the liquidation of the Bank or the occurrence of bankruptcy, insolvency, rehabilitation or similar proceedings, will permit a holder of a note to accelerate payment of the note. The holder of a note will have no right to accelerate payment of the note in the case of a default in the payment of interest on, or other amounts owing under, the note or a default in the performance of any other covenant of the Branch or the Bank contained in the note or in the fiscal agency agreement. See “Description of Notes We May Offer—Events of Default—Subordinated Notes” in the accompanying offering circular.

Each note will provide that if an Event of Default has occurred and is continuing, the holder of the note may declare the principal amount of the note, together with any accrued but unpaid interest to be due and payable by written notice to the Branch and the fiscal agent. Upon such declaration and notice, the principal amount, together with accrued and unpaid interest to the date of payment, will become due and payable on the seventh day after the notice is effective. There will be no right of acceleration in the case of a default in the payment of interest on, or other amounts owing under, the notes or a default in the performance of any other covenant of the Branch or the Bank in the notes. See “Description of Notes We May Offer—Events of Default—Subordinated Notes” in the accompanying offering circular.

At May 31, 2006, UBS had approximately CHF 286 billion (U.S.\$235 billion) of debt issued of which CHF 12.3 billion (U.S.\$10.1 billion) were subordinated, and outstanding liabilities to creditors on its balance sheet ranking senior to the notes (“Senior Liabilities”) with an aggregate principal amount of approximately CHF 2,115 billion (U.S.\$1,735 billion). The notes do not limit the amount of deposit liabilities or other liabilities ranking equally with or senior to the notes, that may be incurred or assumed by UBS.

Exempt Status under the Securities Act of 1933

The notes have not been registered with the SEC and are offered pursuant to an exemption from registration under Section 3(a)(2) of the Securities Act of 1933, as amended. Accordingly, the fiscal agency agreement is not required to be, and has not been, qualified under the Trust Indenture Act of 1939, as amended.

Substitution of Issuer

The Branch and the Bank may, upon at least 30 days and not more than 60 days prior notice to the holders of the notes, substitute another branch or agency of the Bank located in the United States of America as the primary obligor of the notes. See “Description of Notes We May Offer—Substitution of Issuer” in the accompanying offering circular.

Supplemental United States Tax Considerations

This discussion supplements the discussion under “Taxation—United States Taxation” in the accompanying offering circular.

Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year.



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Description of Notes We May Offer

The following description of the notes will apply unless otherwise specified in the applicable Final Terms.

General

The notes will be issued under an amended and restated fiscal agency agreement, dated as of July 19, 2002, among UBS AG, acting through the New York branch and the Stamford branch, U.S. Bank Trust National Association (“U.S. Bank”), in its capacity as fiscal agent, as calculation agent, as principal paying agent, as transfer agent and as registrar, and UBS AG, acting through its London branch, in its capacity as paying agent and issuing agent (the “London paying agent”). Unless otherwise specified in the applicable Final Terms, U.S. Bank will act as calculation agent. Copies of the amended and restated fiscal agency agreement are available for inspection at the office of the fiscal agent located at 100 Wall Street, New York, New York 10005. The following summaries of certain provisions of the notes and the fiscal agency agreement are not complete and are subject to, and are qualified in their entirety by reference to, all the terms and conditions of the fiscal agency agreement, the notes of each series and the applicable Final Terms.

The senior notes constitute direct and general unsecured liabilities of UBS AG, acting through the issuing branch, and the subordinated notes constitute subordinated direct and general unsecured liabilities of UBS AG, acting through the issuing branch. See “Status of Obligations” below.

The notes will be offered on a continuing basis directly by the issuing branches, through the agents designated on the front cover of this offering circular acting as principal or agent, and/or through syndicated placements, as described under “Plan of Distribution” below. The notes are not being registered with the SEC and are offered pursuant to an exemption from registration under Section 3(a)(2) of the Securities Act. The fiscal agency agreement is not, and is not required to be, qualified under the Trust Indenture Act. The notes are not insured by the FDIC. The fiscal agent is the agent of the issuing branch, is not a trustee for the holders of the notes and does not have the same responsibilities or duties to act for those holders as would a trustee.

Application has been made to list the notes to be issued under the program for trading on the Euro MTF market. UBS AG has reserved the right to list the notes on any other securities exchanges.

The notes will be issued in tranches, and each tranche will be the subject of a Final Terms prepared by or on behalf of the issuing branch. A copy of the applicable Final Terms will be available at the specified office of the fiscal agent and the Luxembourg paying agent. If application is made for listing a tranche on a particular securities exchange, the applicable Final Terms will also be delivered to the exchange. Notes that are identical in all respects (including as to issue date (as defined below) but without regard to whether they are issued in registered and/or bearer form) will constitute a tranche, and any tranches of notes that:

- are expressed to be consolidated and form a single series; and
- are identical in all respects (except for their respective issue dates, interest commencement dates and/or issue prices and, without regard to whether they are issued in registered and/or bearer form) will constitute a “series.”

There is no limit on the number of tranches or series or the aggregate principal amount of notes that may be issued under the fiscal agency agreement. The notes will have such minimum or maximum maturities as may be specified in the applicable Final Terms, subject to any minimum or maximum

Description of the Notes

maturities that may be imposed by the relevant central bank (or equivalent body) or any laws or regulations applicable to the issuing branch.

The notes will be issued in the authorized denominations specified in the applicable Final Terms, subject to compliance with applicable legal and regulatory requirements. All notes will have a minimum denomination of \$100,000 (or its equivalent in the applicable currency). For investors in the European Economic Area jurisdictions, the notes will not be sold for a consideration of less than EUR 50,000 or its equivalent.

The notes will be denominated in the currency, currency unit or composite currency specified in the applicable Final Terms, subject to compliance with applicable legal or regulatory requirements. Unless otherwise specified in the applicable Final Terms, purchasers of notes denominated in a specified currency must pay for the notes in the specified currency.

At the present time, there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies, currency units or composite currencies and vice versa, and commercial banks generally do not offer non-U.S. dollar checking or savings account facilities in the United States. The agents are prepared to arrange for the conversion of U.S. dollars into the non-U.S. dollar specified currency in which a note may be denominated in order to enable the purchaser to pay for the note, provided that a request is made to the applicable agent on or prior to the third business day preceding the date of delivery of the note, or by such other day as determined by such agent. Each such conversion will be made by the applicable agent on such terms and subject to such conditions, limitations and charges as the agent may from time to time establish in accordance with its regular foreign exchange practices. All costs of conversion will be borne by the purchaser of such note denominated in a non-U.S. dollar specified currency.

The maximum principal amount of all notes outstanding at any time will not exceed \$15,000,000,000 or its equivalent in any other currencies, currency units or composite currencies. However, UBS AG will have the right to increase the size of the program, or issue securities under any other program, at any time without any limitation.

Types of Notes

The notes may be issued as:

- fixed rate notes, which bear interest on a fixed rate basis;
- floating rate notes, which bear interest on a floating rate basis;
- zero coupon notes, which are non-interest bearing; or
- in any combination as specified in the applicable Final Terms.

Notes may also be issued in respect of which:

- multi-currency notes, on which principal and/or interest is or may be payable in one or more currencies other than the specified currency in which the notes are denominated; or
- indexed notes, on which principal and/or interest payable is calculated by reference to an index and/or formula (which may include a basket of currencies).

Multi-currency notes and indexed notes may bear interest on a fixed or floating rate basis or may be non-interest bearing, or may bear interest on a combination of such bases, in which case provisions relating to fixed rate notes, floating rate notes, zero coupon notes or a combination will apply to the multi-currency or indexed notes.

Description of the Notes

The Final Terms

The Final Terms for each tranche of notes will contain such of the following information as is applicable in respect of such notes:

All Notes

- the series designation and tranche number;
- the issue date, which is the date on which the notes will be issued;
- the aggregate principal amount of the notes and the issue price, which is the price (generally expressed as a percentage of the principal amount) at which the notes will be issued;
- the authorized denominations in which the notes may be issued, which will never be less than \$100,000 (or its equivalent in the applicable currency), and for investors in the European Economic Area jurisdictions, never less than EUR 50,000 or its equivalent;
- the specified currency, which is the currency, currency unit or composite currency in which the notes will be denominated, and, in the case of multi-currency notes, the currencies, currency units or composite currencies in which payment of interest and/or principal in respect of the notes is to be made;
- the interest and/or payment basis of the notes, which may be one or more of the following:
 - a fixed rate note basis;
 - a floating rate note basis;
 - a zero coupon note basis;
 - an indexed note basis; or
 - a multi-currency note basis;
- in the case of interest-bearing notes, the interest commencement date, which is the date, if other than the issue date, from which the notes will bear interest;
- the maturity date, which is the date on which payment of the principal amount of the notes (unless previously redeemed, repaid or purchased and cancelled) will be made;
- the principal amount payable in respect of the notes on the maturity date if other than their principal amount, generally expressed as a percentage of the principal amount or, in the case of indexed notes, as specified below;
- in the case of notes with respect to which principal is payable in installments:
 - the installment dates, which are the dates on which the installments will be payable; and
 - the installment amounts, which are the amounts, generally expressed as a percentage of the principal amount, of each installment;

Fixed Rate Notes

- in the case of fixed rate notes:
 - the fixed rate of interest, which is the rate, generally expressed as a percentage rate per annum, at which the notes will bear interest, which may remain the same throughout the life of the notes or increase and/or decrease;

Description of the Notes

- if other than March 15 and September 15, the date(s) in each year on which interest will be payable throughout the life of the notes and the date on which the interest payments will commence;
- the basis for computing interest for a period of other than a full year, if different from that specified in this offering circular; and
- any other terms relating to the particular method of computing interest for such notes;

Floating Rate Notes

- in the case of floating rate notes:
 - the reference rate or rates applicable to the notes, which may be the commercial paper rate, the prime rate, LIBOR, EURIBOR, the treasury rate, the CMT Rate, the CD rate, the federal funds rate (each as defined below) or any other variable rate or interest rate basis or formula that may be used to determine the rate of interest on the notes (the “rate of interest”);
 - the index maturity, which is the period to maturity of the instrument or obligation from which the reference rate will be calculated;
 - the designation of the relevant screen page on which the reference rate is displayed on the issue date, if applicable;
 - the spread, which is the number of basis points (one-hundredth of a percentage point), if any, to be added to or subtracted from the reference rate in determining the rate of interest on the notes (which spread may remain the same throughout the life of the notes or increase and/or decrease), specifying whether the spread is to be added to, or subtracted from, the reference rate;
 - the spread multiplier, which is the percentage, if any, to be applied to the reference rate in determining the rate of interest on the notes;
 - the minimum interest rate limitation, or floor, if any, on the rate of interest on the notes, which may remain the same throughout the life of the notes or increase and/or decrease;
 - the maximum interest rate limitation, or ceiling, if any, on the rate of interest on the notes, which may remain the same throughout the life of the notes or increase and/or decrease;
 - the initial rate of interest in effect for the period ending on the first interest rate reset date;
 - the dates in each year on which interest is to be paid, if different from the dates specified in this offering circular, and the date on which the interest payments will commence;
 - the interest reset period, which is the interval at which the rate of interest is to be reset and, if different from the dates specified in this offering circular, the interest rate reset dates, which are the dates on which the rate of interest will be reset; and
 - the interest determination dates, which are the dates on which the rate of interest is to be determined, if different from the dates specified in this offering circular;

Zero Coupon Notes

- in the case of zero coupon notes:
 - the accrual yield in respect of the notes expressed as a percentage rate per annum;
 - the reference price attributed to the notes at issuance; and
 - any other formula or basis for determining the amount payable in respect of the notes.

Description of the Notes

Indexed Notes

- in the case of indexed notes:
 - the index or indexes by reference to which the principal amount payable on the maturity date (called the “indexed principal amount”) and/or interest payable on the notes on any interest payment date (called the “indexed coupon amount”) will be determined and the method or formula (called the “formula”) to be used in determining the indexed principal amount and the indexed coupon amounts;
 - any indexed currency, indexed commodity, stock index or other price or economic measure that relates to an index or is otherwise used in calculating the indexed principal amount and/or the indexed coupon amounts;
 - the amount (called the “face amount”) to be used in determining the indexed coupon amount payable on the note;
 - the amount, or the method of calculating the amount, payable upon redemption or other repayment prior to the maturity date of the note, which amount may be without limitation the face amount, the indexed principal amount, an amount determined by reference to an index and/or a formula or any other amount as specified in the applicable Final Terms;
 - the party (called the “substitute index calculation agent”) responsible for calculating an index if the original index calculation agent that calculates or announces the index on the issue date suspends its calculation or announces or changes the basis upon which the index is calculated;
 - the method for calculating the indexed principal amount and/or the indexed coupon amount if an index cannot be calculated as originally contemplated; and
 - if deemed necessary by the issuing branch, historical and other information related to the index, indexed currency, indexed commodity, stock index or other price or economic measures used in calculating the indexed principal amount and/or the indexed coupon amounts;

Multi-Currency Notes

- in the case of multi-currency notes:
 - the rate of exchange, which is the exchange rate(s) or basis of calculating the exchange rate(s) to be used in determining the amounts of principal and/or interest due;
 - the provisions regarding calculation of principal and/or interest in circumstances where calculation by reference to the rate of exchange is impossible and/or impracticable; and
 - the person at whose option any specified currency or currencies is or are to be payable;

Redeemable and/or Repayable Notes

- whether the notes are to be redeemable at the option of the issuing branch (other than for taxation reasons) and, if so:
 - each optional redemption date, which are the dates upon which redemption may occur;
 - each optional redemption amount for the notes and/or the method, if any, of calculating the optional redemption amounts;
 - in the case of notes redeemable by the issuing branch in part, the minimum principal amount of the notes permitted to be so redeemed at any time and any greater principal amount of the notes permitted to be so redeemed at any time, if any; and
 - the notice period relating to the redemption, if different from that specified in this offering circular;

Description of the Notes

- whether the notes are to be subject to repayment by the issuing branch at the option of the noteholders and, if so:
 - the optional repayment dates, which are the dates upon which such repayment may be required;
 - each optional repayment amount for the notes and/or the method, if any, of calculating the optional repayment amounts; and
 - the notice period relating to such repayment, if different from that specified herein;
- the early redemption amount payable on redemption for taxation reasons or in respect of zero coupon notes and/or the method, if any, of calculating the same, if required to be specified in the Final Terms as described under, or if different from that specified under, “Redemption, Repayment and Purchase — Early Redemption/Repayment Amounts” below.

Other

- whether the notes are senior notes or subordinated notes;
- whether talons for future interest coupons are to be attached to definitive bearer notes (as described below) at issuance and, if so, the date on which the talons are exchangeable;
- the calculation agent for the notes (if not the fiscal agent);
- the details of the relevant stabilizing manager, if any;
- any additional selling restrictions;
- details of any other relevant terms of the notes or special conditions and of any modifications to the terms and conditions of the notes as described below;
- the applicable definition of “business day,” if different from that described below;
- as applicable, the relevant common code of Clearstream Bank, *société anonyme*, and the Euroclear System S.A./N.V., and any common codes, ISIN, CINS and/or CUSIP numbers;
- details of any additional or alternative clearance system approved by the issuing branch and the fiscal agent;
- whether the notes are convertible automatically or at the option of the issuing branch and/or the noteholders into notes of another interest/payment basis and, if so, the date(s) upon which the conversion may occur or those option(s) may be exercised and the other interest/payment basis and other relevant terms;
- whether or not the notes are to be listed on a securities exchange;
- the form of the notes;
- the intended use of proceeds of the notes, if other than as described in this offering circular;
- the method of distribution of the notes, if other than as described in this offering circular;
- if applicable, the name(s) of the agent(s) or syndicate of agents that are to offer and sell the notes;
- if deemed necessary by the issuing branch, a description of any material U.S. federal tax consequences particular to the holding of the notes; and
- whether the notes will be considered to be issued with original issue discount for U.S. federal income tax purposes, and, if so:
 - the yield to maturity of the notes;
 - the amount of original issue discount; and
 - the formula/basis for determining the amount payable upon redemption.

Description of the Notes

Form of Notes; Title

Registered Notes

Notes to be issued in registered form will be issued either:

- in the form of one or more global notes in fully registered form without interest coupons; or
- if the issuing branch so specifies at the time of issuance, in definitive registered form.

DTC Global Registered Notes

Unless otherwise specified in the applicable Final Terms, global registered notes will be deposited on or prior to their issue date with the fiscal agent, as custodian for The Depository Trust Company (“DTC”), and registered in the name of Cede & Co., as DTC’s nominee. These global registered notes will be credited on their issue date to:

- the accounts of the relevant agents, dealers, underwriters or purchasers of the notes at DTC or such other accounts as the agents, dealers, underwriters or purchasers may direct; and/or
- the accounts of the relevant agents, dealers, underwriters or purchasers of the notes at Euroclear or Clearstream or such other accounts as the agents, dealers, underwriters or purchasers may direct.

Euroclear/Clearstream Luxembourg Global Registered Notes

If the applicable Final Terms so specifies, global registered notes that are offered and sold outside of the United States will be deposited on or prior to their issue date with a common depository for Euroclear and Clearstream and registered in the name of the common depository or its nominee. The London paying agent will deliver these global registered notes to the common depository for credit on their issue date to the accounts of the relevant agents, dealers, underwriters or purchasers of the notes or to such other accounts as the agents, dealers, underwriters or purchasers may direct.

Bearer Notes

Notes to be issued in bearer form will be issued either:

- in the form of a temporary global note or a permanent global note, each without interest coupons; or
- in certain events described below under “Issue of Definitive Notes,” in definitive form.

Unless otherwise specified in the applicable Final Terms, bearer notes will initially be issued in the form of a temporary global note, which will be deposited with the common depository, for credit on their issue date to the accounts of the relevant agents, dealers, underwriters or purchasers of the notes at Euroclear and Clearstream or such other accounts as the agents, dealers, underwriters or purchasers of such notes may direct.

Bearer notes may not be offered or sold, directly or indirectly, in connection with their original issuance or prior to the exchange date referred to below, in the United States, or to or for the account of any United States person (as defined below), other than to certain persons described in the United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(1)(iii)(B) and (C). An offer or sale will be considered to be made to a person within the United States if the offeror or seller of the notes has an address within the United States for the offeree or purchaser with respect to the offer or sale. Bearer notes may not be delivered in the United States. “United States person” means a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision of the United States, an estate the income of which is subject to United States federal income tax without regard to its source, a trust if a court within the United States is able to exercise primary supervision over the administration of the trust or one or more United States persons has the authority to control all substantial decisions of the trust or any person

Description of the Notes

that is treated as a United States person for U.S. federal income tax purposes. “United States” includes the states of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

Interests in a temporary global note will be exchangeable, in whole or in part, for interests in a permanent global note representing notes of the same series on or after the date (the “exchange date”) that is the 40th day after the issue date of the notes upon certification of non-U.S. beneficial ownership as set forth in the fiscal agency agreement. Notwithstanding the foregoing, if indicated in the applicable Final Terms, bearer notes with a maturity of not more than 183 days may initially be represented by a permanent global note.

The following legend will appear on all temporary global notes, permanent global notes and any other notes issued in bearer form (except on notes having a maturity of not more than 183 days) and on any coupons: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986, as amended.” The sections referred to in the legend provide that, with certain exceptions, a United States taxpayer will not be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain, realized on a sale, exchange or redemption of a bearer note or any coupon.

Alternatively, the following legend will appear on all permanent global notes and other bearer notes (and any related coupons) having a maturity of not more than 183 days:

“By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury Regulations issued thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in Section 6049(b)(4) of the Code and the Treasury Regulations issued thereunder).”

This legend is required for United States backup withholding tax and information reporting purposes.

Title

The fiscal agent, as registrar, will keep a register for the registered notes. Each registered note will be numbered serially with an identifying number that will be recorded in the register. Title to registered notes will pass by and upon registration in the register. Title to bearer notes will pass by delivery. In this offering circular, “noteholder” and “holder” mean, in the case of a registered note, the person in whose name the note is registered in the register, and in the case of a bearer note, the bearer of the note. The holder of any note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss), and no person will be liable for so treating the holder.

Clearing and Settlement of Global Notes

Book-Entry Ownership

The branches and the fiscal agent have made arrangements with DTC for acceptance in its book-entry settlement system of global registered notes. The issuing branch will make application to Euroclear and Clearstream Luxembourg for acceptance in their respective book-entry systems in respect of global registered notes, temporary global notes or permanent global notes, as applicable, prior to any issuance of any notes through these systems. The global notes for each tranche will have, as applicable, a different common code, ISIN, CINS and/or CUSIP number.

Upon issuance of a global registered note to be held through DTC, DTC or its custodian will credit, on its internal system, the respective principal amounts of the individual beneficial interests represented

Description of the Notes

by the global registered note to the accounts of persons who have accounts with DTC (called “DTC participants”). Ownership of beneficial interests in a global registered note held through DTC will be limited to DTC participants and persons who hold interests through DTC participants. Ownership of beneficial interests in global registered notes held through DTC will be shown on, and the transfer or pledge of that ownership will be effected only through, records maintained by DTC or its nominee and the records of DTC participants. Euroclear and Clearstream may hold interests in a global registered note on behalf of persons who have accounts with Euroclear or Clearstream (called the “Euroclear/Clearstream participants”) through accounts maintained in Clearstream’s or Euroclear’s respective names, or in the names of their respective depositories, with DTC. No global bearer notes will be held through DTC.

Upon issuance of a global note to be held through Euroclear and Clearstream, Euroclear and Clearstream will credit the respective principal amounts of the individual beneficial interests represented by the global note to the accounts of Euroclear/Clearstream Luxembourg participants. Ownership of beneficial interests in a global note held through Euroclear and Clearstream will be limited to Euroclear/Clearstream Luxembourg participants and persons who hold interests through those participants. Ownership of beneficial interests in global notes held through Euroclear and Clearstream will be shown on, and the transfer and pledge of that ownership will be effected only through, records maintained by Euroclear and Clearstream and the records of Euroclear/Clearstream participants.

So long as DTC or its nominee or the common depository or its nominee is the registered owner or holder of a global registered note, DTC, the common depository or any such nominee of either of such entities, as the case may be, will be considered the sole owner or holder of the notes represented by the global registered note for all purposes under the fiscal agency agreement and those notes. So long as the common depository or its nominee holds a temporary global note or a permanent global note, the common depository or the nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the temporary global note or permanent global note. Notwithstanding the foregoing, upon the occurrence of an event of default with respect to a series of notes, each person that is shown on the records of Euroclear or Clearstream as entitled to a particular principal amount of notes of that series represented by a global note will be entitled to file any claim, take any action or institute any proceeding to enforce, directly against the issuing branch, the obligations of the issuing branch to pay any amount due in respect of those notes, so long as the holder of that global note has not filed a claim, taken any action or instituted proceedings to enforce the same in respect of the notes. For purposes of the foregoing sentence, the securities account records of Euroclear and Clearstream will, in the absence of manifest error, be conclusive evidence of the identity of such persons and of the principal amount of notes represented by any such global note.

DTC has advised UBS AG that it will take any action permitted to be taken by a holder of global registered notes held through DTC only at the direction of one or more DTC participants in whose account with DTC interests in the relevant global registered note are credited and only in respect of the portion of the aggregate principal amount of the global registered note as to which the DTC participant or participants has or have given such direction. However, in the circumstances described below under “Issue of Definitive Notes,” DTC will surrender the relevant DTC global registered note for exchange for definitive registered notes.

DTC has advised UBS AG as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, a “banking organization” within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act. DTC was created to hold securities for its participants through electronic book-entry changes in accounts of its participants, thereby eliminating

Description of the Notes

the need for physical movement of certificates. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Except in the limited circumstances described below under “Issue of Definitive Notes,” owners of beneficial interests in a global note will not be entitled to receive definitive notes representing their ownership interests in the global note.

Neither UBS AG nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in global notes or for maintaining, supervising or reviewing any records relating to those ownership interests. Definitive notes will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC.

Transfers of Interests in Notes

Transfers of interests in global notes within DTC, Euroclear and Clearstream, respectively, will be in accordance with the usual rules and operating procedures of the relevant system. The laws of some states in the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a global note to those persons may be limited. Because DTC, Euroclear and Clearstream can only act on behalf of participants in those systems, who in turn act on behalf of indirect participants and certain others, the ability of a person having an interest in a global note to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate for that interest.

Interests in a global note held through DTC will not be exchangeable for interests in a global note held through Euroclear or Clearstream and interests in a global note held through Euroclear or Clearstream will not be exchangeable for interests in a global note held through DTC, except in connection with cross-market transfers as described below.

Cross-market transfers of interests in a global note held through DTC between (i) persons holding (or who will hold) such interests directly or indirectly through Euroclear/Clearstream participants, and (ii) other persons (such as persons holding (or who will hold) such interests directly through DTC participants) will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by the common depositary. However, cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty holding through that system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear/Clearstream participants may not deliver instructions directly to the depositories for Clearstream or Euroclear.

Because of time-zone differences, credits of securities received in Euroclear or Clearstream as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Euroclear/Clearstream participant on such business day. Cash received in Euroclear or Clearstream as a result of sales of securities by or through a Euroclear/Clearstream participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Description of the Notes

Although DTC, Clearstream and Euroclear currently follow the procedures described above in order to facilitate transfers of beneficial interests in the global notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to follow or continue to follow such procedures, and such procedures may be discontinued after reasonable notice. Neither branch nor any paying agent will have any responsibility for the performance by DTC, Clearstream or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Transfers of Definitive Registered Notes

A definitive registered note may be transferred in whole or in part in an authorized denomination upon the surrender of the note, together with the form of transfer endorsed on it duly completed and executed, at the office of the registrar or the office of any transfer agent. In the case of a transfer of only part of a definitive registered note, a new definitive registered note in respect of the balance not transferred will be issued to the transferor. Each new definitive registered note to be issued upon a transfer of notes will, within three business days of receipt of such form of transfer, be delivered to the transferee at the office of the registrar or such transfer agent or mailed at the risk of the holder entitled to the relevant definitive registered note to the address specified in the form of transfer.

Transfers of definitive registered notes will be effected without charge by or on behalf of the issuing branch, the fiscal agent or the relevant transfer agent, but upon payment (or the giving of such indemnity as the fiscal agent or the transfer agent may require) in respect of any tax or other governmental charges that may be imposed in relation to it. At the option of a noteholder on written request and subject to applicable laws and regulations, definitive registered notes may be exchanged for definitive registered notes of any authorized denominations and of equal aggregate principal amount upon surrender of the relevant notes with the form of transfer endorsed on it duly completed and executed. Registered notes may not be exchanged for bearer notes. All transfers and exchanges of definitive registered notes will be made subject to the detailed regulations concerning transfer and exchanges of notes set forth in the fiscal agency agreement.

No noteholder may require, and the registrar and the transfer agent will not register, the transfer of a registered note to be registered during the period between the record date for any payment of principal or interest on that note and the date on which the payment is due.

Transfers to Definitive Bearer Notes

If definitive bearer notes are issued in exchange for permanent global notes, title to the bearer notes will pass by delivery. Bearer notes of one denomination may be exchanged for bearer notes of another denomination.

Issue of Definitive Notes

If:

- in the case of global registered notes held through DTC, DTC notifies UBS AG that it is unwilling or unable to continue as a depository or at any time ceases to be a “clearing agency” registered under the Exchange Act, and a successor depository is not appointed by UBS AG within 90 days of such notice;
- in the case of global registered notes held through Euroclear or Clearstream, both Euroclear and Clearstream are closed for business for a continuous period of 14 days or both Euroclear and Clearstream announce intentions permanently to cease business or do in fact do so, and a successor

Description of the Notes

or successors is not appointed by UBS AG within 90 days from the commencement of such closure, announcement or cessation of business; or

- the issuing branch in its sole discretion determines that a global registered note will be exchanged for notes in definitive registered form;

then interests in the global registered note will be transferred to the persons designated by DTC in the form of definitive registered notes without coupons in authorized denominations. In these circumstances, the issuing branch will cause sufficient definitive registered notes to be executed and delivered to the fiscal agent for completion, authentication and dispatch to the relevant holders. A person having an interest in a global registered note must provide the fiscal agent with a written order containing instructions and such other information as the issuing branch and the fiscal agent may require to complete, execute and deliver such definitive registered notes.

Definitive bearer notes with coupons attached, if applicable, will be issued in exchange for beneficial interests in permanent global notes:

- if both Euroclear and Clearstream are closed for business for a continuous period of 14 days or both Euroclear and Clearstream announce intentions permanently to cease business or do in fact do so, and a successor or successors is not appointed by UBS AG within 90 days from the commencement of such closure, announcement or cessation of business; or
- if the issuing branch determines that the permanent global note will be exchanged in full for definitive bearer notes, or
- upon request of any beneficial owner.

Definitive bearer notes will be issued in authorized denominations, subject to compliance with all applicable legal and regulatory requirements.

Payments and Paying Agents

Payments on Definitive Registered Notes

Unless otherwise specified in the applicable Final Terms or as set forth below under “Conversion of Non-U.S. Dollar Specified Currency Payments to U.S. Dollars,” payments of principal and interest, if any, payable at maturity or upon redemption in respect of registered notes will be made in the specified currency in which the notes are payable by check drawn on, or by transfer to an account maintained by the noteholder with, a bank in the United States (if the relevant specified currency is U.S. dollars) or the principal financial center of the country issuing the relevant specified currency, against presentation and surrender of the note at the specified office of the paying agent. Payments of interest in respect of registered notes (other than interest payable at maturity or upon redemption) will be made to the persons shown on the register at the close of business on the record date. Unless otherwise specified in the applicable Final Terms, the initial interest payment date for a registered note will not be earlier than the fifteenth day following the issue date of the note. Unless otherwise specified in the applicable Final Terms or as set forth below under “Conversion of Non-U.S. Dollar Specified Currency Payments to U.S. Dollars,” payments of interest in respect of each registered note will be made in the specified currency in which the notes are payable by check drawn on a bank in the principal financial center of the country issuing the relevant specified currency and mailed to the holder (or to the first named of joint holders) of the note at the holder’s address appearing in the register maintained by the registrar. Upon written application by any holder of at least \$10,000,000 principal amount of registered notes (or its equivalent in the specified currency as at the relevant payment date) to the specified office of any paying agent not later than the record date preceding the relevant payment date, the payment of interest may be made by wire transfer to an account maintained by the holder with a bank in the United States (if the relevant specified currency is U.S. dollars) or the principal financial center of the country issuing the relevant specified currency. Unless otherwise

Description of the Notes

specified in the applicable Final Terms, the record date for any payment will be the fifteenth day, whether or not a business day, before the relevant scheduled payment date.

Payments on DTC Global Notes

Unless otherwise specified in the applicable Final Terms or as set forth below under “Conversion of Non-U.S. Dollar Specified Currency Payments to U.S. Dollars,” payments of the principal of, and interest on, each global registered note held through DTC will be made in the specified currency in which the note is payable to or to the order of DTC or its nominee as the registered holder of the global registered note. UBS AG understands that DTC or its nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global registered note as shown on the records of DTC or its nominee. UBS AG also understands that payments by DTC participants to owners of beneficial interests in the global registered note held through those DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held in bearer form or registered in “street name” for the accounts of customers. These payments will be the responsibility of such DTC participants.

Payments on Euroclear/Clearstream Global Notes

Unless otherwise specified in the applicable Final Terms, payments of principal of, and interest on, each global registered note held through Euroclear or Clearstream will be made in the specified currency in which the note is payable to the common depositary or its nominee, as the registered holder of the global registered note. The common depositary will allocate the payments to Euroclear or Clearstream for the portion of the global registered note held for its account by the common depositary.

Unless otherwise specified in the applicable Final Terms, payments of principal and interest in respect of a temporary global note will be made in the specified currency in which the note is payable to the common depositary on behalf of Euroclear and Clearstream with respect to the portion of the temporary global note held for their accounts by the common depositary, but only upon receipt by the fiscal agent or the London paying agent of written certification as to the non-U.S. beneficial ownership of the temporary global note as required by U.S. treasury regulations.

Similarly, unless otherwise specified in the applicable Final Terms, payments of principal and interest in respect of a permanent global note will be made in the specified currency in which the note is payable to the common depositary on behalf of Euroclear and Clearstream with respect to the portion of the permanent global note held for their accounts by the common depositary. No certification as to non-U.S. beneficial ownership will be required.

UBS understands that each of Euroclear and Clearstream will undertake to credit all amounts received by it with respect to principal or interest as described above to the respective accounts of the beneficial owners of interests in any global note held through it on the date on which the amounts are paid to it. Any such amounts received by Euroclear or Clearstream and not paid by them as described above will be returned to the fiscal agent immediately prior to the expiration of two years after their receipt of those amounts.

Neither UBS AG nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in global notes or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments on Definitive Bearer Notes

Unless otherwise specified in the applicable Final Terms, payments of principal at maturity or upon redemption in respect of definitive bearer notes will be made in the specified currency in which the

Description of the Notes

notes are payable by check drawn on, or by transfer to an account maintained by the noteholder with, a bank in the principal financial center of the country issuing the relevant specified currency against presentation and surrender of the notes at the specified office of the paying agent outside the United States.

Payments of interest in respect of definitive bearer notes will be made against surrender of the relevant coupons at the specified office of the paying agent outside the United States. Unless otherwise specified in the applicable Final Terms, payments of interest in respect of each definitive bearer note will be made in the specified currency in which the note is payable by check drawn on a bank in the principal financial center of the country issuing the relevant currency. Upon written application by any holder of at least \$10,000,000 principal amount of definitive bearer notes (or its equivalent in the specified currency as at the relevant payment date) to the specified office of any paying agent not later than 15 days preceding the relevant payment date, the payment of interest may be made by wire transfer to an account maintained by the holder with a bank in the principal financial center of the country issuing the relevant specified currency, but the payment will be made only against presentation and surrender of the relevant coupons at the specified office of a paying agent outside the United States. As used in this paragraph and in the following paragraph, the term “United States” means the United States of America, including the states and the District of Columbia, its territories and its possessions.

If payment in respect of bearer notes denominated in U.S. dollars at the offices of all paying agents outside the United States becomes illegal or is effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts due in U.S. dollars, UBS AG will appoint an office or agent in the United States at which such payment will be made.

Definitive bearer notes must be presented for payment upon redemption prior to maturity together with all related unmatured coupons; if any coupons are not presented together with the notes, then, in the case of fixed rate notes, the amount of any missing unmatured coupon will be deducted from the sum due for payment, or, in the case of floating rate notes or other notes, the surrender of any missing unmatured coupon or coupons may be waived by UBS AG and the paying agent if they are furnished with such security or indemnity as they may require to save each of them and each other paying agent of UBS AG harmless. If a deduction is made from the redemption price because of a missing unmatured coupon and thereafter, but prior to five years after the redemption date, the bearer of the coupon surrenders the coupon at a place specified for redemption, the bearer will be entitled to receive the amount that was deducted. Except as provided in the preceding sentence, any unmatured coupons, whether attached to or missing from any notes surrendered for redemption, will become void at the redemption date for the notes.

Payments Generally

All payments on the notes will be subject to any applicable fiscal or other laws and regulations. No commissions or expenses will be charged to the noteholders in respect of those payments.

If the due date for payment of any amount in respect of any note is not a business day at any place of presentation, then the noteholder will not be entitled to payment in that place of the amount due until the next following business day at that place.

U.S. Bank Trust National Association has been appointed as the initial paying agent and transfer agent and HSBC Bank PLC has been appointed as the London paying agent for global notes held through Euroclear or Clearstream. UBS AG reserves the right to vary or terminate the appointment of any paying agent at any time and to appoint additional paying agents. However, as long as any notes are outstanding, UBS AG will maintain (i) a fiscal agent and (ii) a registrar, paying agent and transfer agent in New York City (which may be the fiscal agent). In addition, so long as the notes are listed on

Description of the Notes

the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the issuer will maintain a paying agent and transfer agent in Luxembourg. The issuer has initially appointed Dexia Banque Internationale à Luxembourg as its Luxembourg paying agent and transfer agent.

In acting under the fiscal agency agreement and in connection with the notes, each of the paying agents is acting solely as agent of UBS AG and does not assume any obligation toward or relationship of agency or trust for or with the owner or holder of any note, except that it must hold any funds it receives for payment of principal of or interest on the notes in trust and apply those funds as set forth in this offering circular, but it need not segregate those funds from other funds that it holds, except as required by law.

For a description of the duties and the immunities and rights of each of the paying agents under the fiscal agency agreement, please refer to the fiscal agency agreement. The obligations of each of the paying agents to the owners or holders of notes are subject to the immunities and rights set forth in the fiscal agency agreement.

Conversion of Non-U.S. Dollar Specified Currency Payments to U.S. Dollars

Unless otherwise specified in the applicable Final Terms, any holder of a definitive registered note or any owner of a beneficial interest in a global registered note held through DTC, in each case payable in a specified currency other than U.S. dollars, may elect to receive amounts payable by the issuing branch in respect of the note in U.S. dollars. Holders of definitive registered notes may make this election by submitting a written request for the payment in this manner to the fiscal agent at its corporate trust office in The City of New York on or prior to the applicable record date or at least fifteen calendar days prior to the maturity date, as the case may be. The written request may be mailed, hand delivered or sent by facsimile transmission. Holders of such notes may elect to receive all or a specified portion of all future payments in U.S. dollars and need not file a separate election for each payment. The election will remain in effect until revoked by written notice to the fiscal agent, but written notice of revocation must be received by the fiscal agent on or prior to the applicable record date or at least fifteen calendar days prior to the maturity date, as the case may be.

An owner of an interest in a global registered note held through DTC that wishes to make an election to receive non-U.S. dollar specified currency payments in U.S. dollars must notify the DTC participant through which it owns its interest on or prior to the applicable record date or at least fifteen calendar days prior to the maturity date, as the case may be, of that election. The DTC participant must notify DTC of the election on or prior to the third business day after the record date or at least twelve calendar days prior to the maturity date, as the case may be, and DTC must notify the fiscal agent of such election on or prior to the fifth business day after the record date or at least ten calendar days prior to the maturity date, as the case may be. If complete instructions are received by the DTC participant from the owner and forwarded by the DTC participant to DTC, and by DTC to the fiscal agent, on or prior to such dates, then the owner will receive such payments in U.S. dollars.

Any U.S. dollar amount to be received by a noteholder making an election as provided above will be based on the highest bid quotation in The City of New York received by the fiscal agent at approximately 11:00 a.m., New York City time, on the second business day preceding the applicable payment date from three recognized foreign exchange dealers (one of whom may be the fiscal agent) selected by the fiscal agent and approved by the issuing branch for the sale by the quoting dealer of U.S. dollars for the specified currency for settlement on the applicable payment date in the aggregate amount of such U.S. dollars payable to all noteholders making such election and at which the applicable dealer commits to execute a contract. All currency exchange costs will be borne by the noteholders receiving such payments by deductions from such payments. If three such bid quotations are not available, payments will be made in the specified currency.

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Payment Currency

Except as set forth below, if payment in respect of a note is required to be made in a specified currency other than U.S. dollars and the currency is unavailable due to the imposition of exchange controls or other circumstances beyond the issuing branch's control or is no longer used by the government of the country issuing the currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the note will be made in U.S. dollars until the currency is again available or so used. The amounts payable on any date in that currency will be converted into U.S. dollars on the second business day prior to that date on the basis of the most recently available market exchange rate for the currency or as otherwise specified in the applicable Final Terms. The "market exchange rate" for any currency means (i) the noon buying rate in New York City for cable transfers in the currency as certified for customs purposes by the Federal Reserve Bank of New York, or (ii) if the Federal Reserve Bank of New York does not certify a noon buying rate for the currency, the rate quoted or published by the relevant central bank as the rate for buying the currency in U.S. dollars, or (iii) if no such rate is quoted or published, the rate determined by the fiscal agent based on a quotation or an average of quotations given to the fiscal agent by commercial banks that conduct foreign exchange operations or based on such other method as the fiscal agent may reasonably determine. Any payment in respect of the note made under these circumstances in U.S. dollars will not constitute an event of default.

All determinations referred to above made by the issuing branch, the fiscal agent or the calculation agent, as the case may be, will be at its sole discretion and will, in the absence of manifest error, be conclusive for all purposes and binding on holders of notes.

Redemption, Repayment and Purchase

The notes will not be subject to redemption at the option of the issuing branch or repayment at the option of a noteholder, except as specified below and/or in the applicable Final Terms, in each case subject to compliance with applicable laws and regulations.

Redemption for Tax Reasons

Unless otherwise specified in the applicable Final Terms, the issuing branch may, on giving not more than 60 nor less than 30 days' notice to the fiscal agent (which notice shall be irrevocable), redeem the notes of any series issued by that issuing branch at a redemption price equal to the early redemption amount plus any related additional amounts, in each case with respect to the notes being redeemed, if the issuing branch determines that, as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of a relevant jurisdiction (as defined below) or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings, the issuing branch has or will become obligated to pay additional amounts with respect to the notes of that series as described below under "Additional Amounts." The fiscal agent will notify the noteholders at least 20 days prior to the date fixed for any such redemption. Prior to giving any notice of redemption for tax reasons as described in this paragraph, the issuing branch must deliver to the fiscal agent:

- a certificate stating that the issuing branch is entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to the right of the issuing branch to redeem have occurred; and
- an opinion of counsel to such effect based on such statement of facts.

However, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the issuing branch would be obligated to pay the additional amounts if a payment in respect of the notes or any coupons were then due.

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“relevant jurisdiction” means:

- the United States and Switzerland; and
- if a branch or agency of UBS AG located outside the United States and Switzerland is substituted for the issuing branch as the primary obligor of the relevant series of notes as described under “Description of the Notes — Substitution of Issuer” below (such branch or agency, the “successor office”), the country in which the successor office is located.

Redemption at the Option of the Issuing Branch

If so specified in the applicable Final Terms, the issuing branch may, on giving (unless otherwise specified in the applicable Final Terms) not more than 60 nor less than 30 days’ notice to the fiscal agent (which notice will be irrevocable), redeem some or all of the outstanding notes of any series on the optional redemption date(s) and at the optional redemption amount(s) specified in the applicable Final Terms together, if applicable, with accrued interest. Unless otherwise specified in the applicable Final Terms, the fiscal agent will notify the noteholders at least 20 days prior to the optional redemption date. In the case of a partial redemption of definitive notes of any series, the notes to be repaid will be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the notes called for redemption will, in the case of bearer notes, be published in accordance with the provisions of the fiscal agency agreement and, in the case of registered notes, be notified to the noteholders, not less than 20 days prior to such date unless otherwise specified in the applicable Final Terms. In the case of a partial redemption of notes of any series that are represented by a global note, the relevant notes will be redeemed in accordance with the rules of DTC, Euroclear and/or Clearstream, as applicable.

Repayment at the Option of the Noteholder

If so specified in the applicable Final Terms, upon the holder of any note giving to the fiscal agent in accordance with the provisions of the amended and restated fiscal agency agreement not more than 60 nor less than 20 days’ notice (or as otherwise specified in the Final Terms) (which notice will be irrevocable), the note will be repaid by the issuing branch on any optional repayment date specified in the applicable Final Terms in whole or in part (provided that any remaining principal amount thereof must be at least equal to the minimum denomination specified in the applicable Final Terms) at the optional repayment amount specified in the applicable Final Terms together, if applicable, with accrued interest.

Redemption of Temporary Global Notes

If any date fixed for redemption or repayment of a bearer note with a maturity of more than 183 days is a date prior to the exchange date, the right of beneficial owners to receive payment of the portion of the redemption price or repayment amount, as applicable, that represents interest will be subject to receipt of certifications regarding non-U.S. beneficial ownership in the form required for the exchange of interests in a temporary global note, as described above under “Form of Notes; Title — Bearer Notes.”

Notices to Redeem

Notices to redeem notes will be given in accordance with the terms of the fiscal agency agreement and will specify the date fixed for redemption, the applicable redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the notes to be redeemed (or portion thereof in the case of a partial redemption of a registered note), together, in the case of a definitive bearer note, with any related coupons maturing subsequent to the date fixed for redemption, and that on and after that date interest on the notes to be redeemed will cease to accrue. If the redemption is made for tax reasons as discussed under “Redemption for Tax Reasons” above, such

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notice will also state that the conditions precedent to redemption have occurred and state that the issuing branch has elected to redeem the relevant notes due to the occurrence of the tax-related events discussed above.

Early Redemption/Repayment Amounts

Unless otherwise specified in the applicable Final Terms, in connection with (x) a redemption of notes (other than indexed notes) for tax reasons as discussed under “Redemption for Tax Reasons” above or (y) a redemption or repayment of zero coupon notes prior to the maturity date, the notes will be redeemed or repaid at an amount (the “early redemption/repayment amount”), which will be computed as follows:

- in the case of notes issued at an issue price of 100 percent of their principal amount, at their principal amount in the relevant specified currency, together with, in the case of fixed rate notes and floating rate notes, interest accrued to the date fixed for redemption;
- in the case of notes (other than zero coupon notes) issued with an issue price greater or less than 100 percent of their principal amount, at the amount set forth in the applicable Final Terms; or
- in the case of zero coupon notes, at an amount (the “amortized face amount”) equal to:
 - the sum of (x) the reference price specified in the applicable Final Terms and (y) the product of the accrual yield specified in the applicable Final Terms (compounded annually) being applied to the reference price from (and including) the issue date to (but excluding) the date fixed for redemption or repayment; or
 - if the amount payable in respect of any zero coupon note upon redemption or repayment of the note is not paid when due, the amount due and repayable in respect of such note will be the amortized face amount of such note computed as provided above, except that the subparagraph above will be applied as though the references in that subparagraph to the date fixed for redemption or repayment or the date upon which the zero coupon note becomes due and repayable were replaced by references to the date (reference date) that is the earlier of:
 - the day on which all sums due in respect of the note up to that day are received by or on behalf of the holder of the note; and
 - the date on which the full amount of the monies repayable has been received by the fiscal agent and notice to that effect has been given (in accordance with the terms of the fiscal agency agreement).

The computation of the amortized face amount in accordance with the above subparagraph will continue to be made (to the extent permitted by applicable law both before and after judgment) until the reference date unless the reference date falls on or after the maturity date, in which case the amount due and repayable will be the principal amount of the note together with interest at an annual rate equal to the accrual yield specified in the applicable Final Terms. Interest will continue to accrue (to the extent permitted by applicable law both before and after judgment) until the reference date.

Indexed Notes

The early redemption/repayment amount payable in respect of principal of an indexed note upon redemption or repayment prior to maturity will be the face amount, the indexed principal amount or such other amount as is specified in the applicable Final Terms and may be determined by reference to an index and/or a formula (which may include a basket of currencies) specified in the applicable Final Terms. If the early redemption/repayment amount payable on an indexed note on early redemption or repayment in respect of principal only, principal and interest or interest only, is to be determined in

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whole or in part by reference to an index and/or a formula, the applicable Final Terms will set out details of the computation of the early redemption/repayment amount.

Purchase of Notes by the Issuing Branch; Cancellation

UBS AG may, to the extent permitted by applicable law, at any time purchase notes in the open market or by tender at any price. Any note so purchased may, at the discretion of UBS AG, be held, resold or surrendered to the fiscal agent for cancellation.

Additional Amounts

Payments under the notes and any related coupons will be made without deduction or withholding for or on account of any present or future tax, duty, assessment or governmental charge imposed upon or as a result of such payments by a relevant jurisdiction (or any political subdivision or taxing authority thereof or therein) (“taxes”), unless required by law. To the extent any such taxes are so levied or imposed, the issuing branch will, subject to the exceptions and limitations set forth below, pay such additional amounts to the holder of any note or coupon who is not a resident of the relevant jurisdiction or any political subdivision or taxing authority thereof or therein as may be necessary in order that every net payment of the principal of and interest on the note or coupon and any other amounts payable on the note or coupon, after withholding for or on account of the taxes imposed upon or as a result of such payment, will not be less than the amount provided for in the debt note or coupon to be then due and payable. However, the issuing branch will not be required to make any payment of additional amounts to any holder in such case for or on account of:

- any such taxes that would not have been so imposed but for (a) the existence of any present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of the holder, if such holder is an estate, a trust, a partnership or a corporation) and the relevant jurisdiction (or any political subdivision or taxing authority thereof or therein) including the holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein or (b) the presentation by or on behalf of the holder of that note or coupon for payment on a date more than 15 days after the date on which such payment became due and payable or the date on which the payment is duly provided for, whichever occurs later;
- any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, assessment or governmental charge;
- any taxes that are payable other than by withholding from payments on or in respect of any note or coupon;
- any taxes that would not have been imposed but for the failure to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of such note or coupon, if such compliance is required by statute or by regulation of or on behalf of the relevant jurisdiction or any political subdivision or taxing authority thereof or therein as a precondition to relief or exemption from such tax, assessment or other governmental charge; or
- any combination of the items above.

Furthermore, no additional amounts will be paid with respect to any payment on a note or coupon to a holder who is a fiduciary or partnership or other than the sole beneficial owner of the payment to the extent the payment would be required to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial

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owner who would not have been entitled to the additional amounts if such beneficiary, settlor, member or beneficial owner had been the holder of the note or coupon.

For purposes of this offering circular, any references to principal of and/or interest on the notes will be deemed to include a reference to any relevant additional amounts payable in respect of those notes.

Interest Rates

This subsection describes general terms relating to the different kinds of interest rates that may apply to your note, if it bears interest.

Please remember that the specific terms of your note as described in your Final Terms will supplement and, if applicable, may modify or replace the general terms regarding interest rates and payments of interest described in this subsection. The statements in this subsection may not apply to your note.

Fixed Rate Notes

Each fixed rate note, except a zero coupon note, will bear interest from its original issue date or from the most recent date to which interest on the note has been paid or made available for payment. Interest will accrue on the principal of a fixed rate note at the fixed yearly rate stated in the applicable Final Terms, until the principal is paid or made available for payment. Unless otherwise specified in the applicable Final Terms, interest on a fixed rate note will be payable semi-annually each May 15 and November 15, which will be the interest payment dates for the fixed rate note, and at maturity. Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid or made available for payment, to but excluding the interest payment date or the date of maturity. The issuing branch will compute interest on fixed rate notes on the basis of a 360-day year of twelve 30-day months. The issuing branch will make each interest payment as described above under “— Payments and Paying Agents.”

Floating Rate Notes

This subsection uses several specialized terms relating to the manner in which floating interest rates are calculated. These terms appear in **bold** type the first time they appear, and are defined in “— Special Rate Calculation Terms” at the end of this subsection.

Each floating rate note will bear interest from its original issue date or from the most recent date to which interest on the note has been paid or made available for payment. Interest will accrue on the principal of a floating rate note at the rate determined according to the interest rate formula stated in the applicable Final Terms, until the principal is paid or made available for payment. Interest on a floating rate note will be payable on each interest payment date specified in the applicable Final Terms and at maturity. The issuing branch will make each interest payment as described under “— Payments and Paying Agents” above.

Base Rates. The issuing branches currently expect to issue floating rate notes that bear interest at rates based on one or more of the following base rates:

- commercial paper rate
- prime rate
- LIBOR
- EURIBOR
- treasury rate

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- CMT rate
- CD rate
- federal funds rate

An issuing branch may also select another interest base rate, in which case it will describe the base rate in the applicable Final Terms. Each of these base rates is described in further detail below in this subsection. If you purchase a floating rate note, your Final Terms will specify the type of base rate that applies to your note.

Initial Base Rate. For any floating rate note, the base rate in effect from the original issue date to the first interest reset date will be the initial base rate. The initial base rate will be specified in the applicable Final Terms.

Spread or Spread Multiplier. In some cases, the base rate for a floating rate note may be adjusted:

- by adding or subtracting a specified number of base points, called the spread, with one basis point being 0.01%; or
- by multiplying the base rate by a specified percentage, called the spread multiplier.

If you purchase a floating rate note, your Final Terms will specify whether a spread or spread multiplier will apply to your note and, if so, the amount of the spread or spread multiplier.

Maximum and Minimum Rates. The interest rate, after being adjusted by the spread or spread multiplier, may also be subject to either or both of the following limits:

- a maximum rate — *i.e.*, a specified upper limit that the actual interest rate in effect at any time may not exceed: and/or
- a minimum rate — *i.e.*, a specified lower limit that the actual interest rate in effect at any time may not fall below.

If you purchase a floating rate note, your Final Terms will specify whether a maximum rate and/or minimum rate will apply to your note and, if so, what those rates are.

Whether or not a maximum rate applies, the interest rate on a floating rate note will in no event be higher than the maximum rate permitted by New York law, as it may be modified by U.S. law of general application. Under current New York law, the maximum rate of interest, with some exceptions, for any loan in an amount less than \$250,000 is 16% and for any loan in the amount of \$250,000 or more but less than \$2,500,000 is 25% per year on a simple interest basis. These limits do not apply to loans of \$2,500,000 or more.

The rest of this subsection describes how the interest rate and the interest payment dates will be determined, and how interest will be calculated, on a floating rate note.

Interest Reset Dates. The interest rate on a floating rate note will be reset, by the calculation agent described below, daily, weekly, monthly, quarterly, semi-annually or annually. The date on which the interest rate resets and the reset rate becomes effective is called the interest reset date. Except as otherwise specified in the applicable Final Terms, the interest reset date will be as follows:

- for floating rate notes that reset daily, each business day;
- for floating rate notes that reset weekly and are not treasury rate notes, the Wednesday of each week;
- for treasury rate notes that reset weekly, the Tuesday of each week, except as otherwise described in the next to last paragraph under “Interest Determination Dates” below;

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- for floating rate notes that reset monthly, the third Wednesday of each month;
- for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;
- for floating rate notes that reset semi-annually, the third Wednesday of each of two months of each year as specified in the applicable Final Terms; and
- for floating rate notes that reset annually, the third Wednesday of one month of each year as specified in the applicable Final Terms.

For a floating rate note, the interest rate in effect on any particular day will be the interest rate determined with respect to the latest interest reset date that occurs on or before that day. There are several exceptions, however, to the reset provisions described above.

The base rate in effect from the original issue date to the first interest reset date will be the initial base rate. For floating rate notes that reset daily or weekly, the base rate in effect for each day following the second business day before an interest payment date to, but excluding, the interest payment date, and for each day following the second business day before the maturity to, but excluding, the maturity, will be the base rate in effect on that second business day.

If any interest reset date for a floating rate note would otherwise be a day that is not a business day, the interest reset date will be postponed to the next day that is a business day. For a LIBOR or EURIBOR note, however, if that business day is in the next succeeding calendar month, the interest reset date will be the immediately preceding business day.

Interest Determination Dates. The interest rate that takes effect on an interest reset date will be determined by the calculation agent by reference to a particular date called an interest determination date. Except as otherwise specified in the applicable Final Terms:

- For all floating rate notes other than LIBOR notes, EURIBOR notes and treasury rate notes, the interest determination date relating to a particular interest reset date will be the second business day before the interest reset date.
- For LIBOR notes, the interest determination date relating to a particular interest reset date will be the second London business day preceding the interest reset date, unless the index currency is pounds sterling, in which case the interest determination date will be the interest reset date.
- For EURIBOR notes, the interest determination date relating to a particular interest reset date will be the second euro business day preceding the interest reset date.
- For treasury rate notes, the interest determination date relating to a particular interest reset date will be the day of the week in which the interest reset date falls on which treasury bills — *i.e.*, direct obligations of the U.S. government — would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that the auction may be held on the preceding Friday. If as the result of a legal holiday an auction is held on the preceding Friday, that Friday will be the treasury interest determination date relating to the interest reset date occurring in the next succeeding week. If the auction is held on a day that would otherwise be an interest reset date, then the interest reset date will instead be the first business day following the auction date.

Interest Calculation Dates. As described above, the interest rate that takes effect on a particular interest reset date will be determined by reference to the corresponding interest determination date. Except for LIBOR notes and EURIBOR notes, however, the determination of the rate will actually be

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made on a day no later than the corresponding interest calculation date. The interest calculation date will be the earlier of the following:

- the tenth calendar day after the interest determination date or, if that tenth calendar day is not a business day, the next succeeding business day; and
- the business day immediately preceding the interest payment date or the maturity, whichever is the day on which the next payment of interest will be due.

The calculation agent need not wait until the relevant interest calculation date to determine the interest rate if the rate information it needs to make the determination is available from the relevant sources sooner.

Interest Payment Dates. The interest payment dates for a floating rate note will depend on when the interest rate is reset and, unless otherwise specified in the applicable Final Terms, will be as follows:

- for floating rate notes that reset daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the applicable Final Terms;
- for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;
- for floating rate notes that reset semi-annually, the third Wednesday of the two months of each year specified in the applicable Final Terms; or
- for floating rate notes that reset annually, the third Wednesday of the month specified in the applicable Final Terms.

Regardless of these rules, if a note is originally issued after the record date and before the date that would otherwise be the first interest payment date, the first interest payment date will be the date that would otherwise be the second interest payment date.

In addition, the following special provision will apply to a floating rate note with regard to any interest payment date other than one that falls on the maturity. If the interest payment date would otherwise fall on a day that is not a business day, then the interest payment date will be the next day that is a business day. However, if the floating rate note is a LIBOR note or a EURIBOR note and the next business day falls in the next calendar month, then the interest payment date will be advanced to the next preceding day that is a business day. In all cases, an interest payment date that falls on the maturity will not be changed.

Calculation of Interest

Calculations relating to floating rate notes will be made by the calculation agent, an institution that the issuing branch appoints as its agent for this purpose. That institution may include any affiliate of UBS AG, such as UBS AG's London branch. The Final Terms for a particular floating rate note will name the institution that the issuing branch has appointed to act as the calculation agent for that note as of its original issue date. The issuing branch may appoint a different institution to serve as a calculation agent from time to time after the original issue date of the note without your consent and without notifying you of the change.

For each floating rate note, the calculation agent will determine, on the corresponding interest calculation or determination date, as described in the applicable Final Terms, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period — *i.e.*, the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each

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interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate note by an accrued interest factor for the interest period. This factor will be equal to the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day, by

- by 360, in the case of commercial paper rate notes, prime rate notes, LIBOR notes, EURIBOR notes, CD rate notes and federal funds rate notes; or
- by the actual number of days in the year, in the case of treasury rate notes and CMT rate notes.

Upon the request of the holder of any floating rate note, the calculation agent will provide for that note the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error. For so long as the notes are listed on the Euro MTF market, the issuer will communicate the calculation agent's determination of any interest rate as soon as possible after such determination to the Luxembourg Stock Exchange.

All percentages resulting from any calculation relating to a note will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, *e.g.*, 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654), and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half a corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate note during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in the applicable Final Terms. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer, or agent participating in the distribution of the relevant floating rate notes and its affiliates, and they may include affiliates of UBS AG.

The calculation agent for each issue of the notes will be set forth in the applicable Final Terms.

Commercial Paper Rate Notes

If you purchase a commercial paper rate note, your note will bear interest at a base rate equal to the commercial paper rate and adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms.

The commercial paper rate will be the **money market yield** of the rate, for the relevant interest determination date, for commercial paper having the index maturity specified in the applicable Final Terms, as published in **H.15 (519)** under the heading "Commercial Paper — Nonfinancial." If the commercial paper rate cannot be determined as described above, the following procedures will apply.

- If the rate described above does not appear in **H.15 (519)** at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the commercial paper rate will be the rate, for the relevant interest determination date, for commercial paper having the index maturity specified in the applicable Final Terms, as published in **H.15 daily update** or any other recognized electronic source used for displaying that rate, under the heading "Commercial Paper — Nonfinancial."

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- If the rate described above does not appear in H.15 (519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the commercial paper rate will be the money market yield of the arithmetic mean of the following offered rates for U.S. dollar commercial paper that has the relevant index maturity and is placed for an industrial issuer whose bond rating is “AA,” or the equivalent, from a nationally recognized rating agency: the rates offered as of 11:00 A.M., New York City time, on the relevant interest determination date, by three leading U.S. dollar commercial paper dealers in New York City selected by the calculation agent.
- If fewer than three dealers selected by the calculation agent are quoting as described above, the commercial paper rate for the new interest period will be the commercial paper rate in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest.

Prime Rate Notes

If you purchase a prime rate note, your note will bear interest at a base rate equal to the prime rate as adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms.

The prime rate will be the rate, for the relevant interest determination date, published in H.15 (519) under the heading “Bank Prime Loan.” If the prime rate cannot be determined as described above, the following procedures will apply.

- If the rate described above does not appear in H.15 (519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the prime rate will be the rate, for the relevant interest determination date, as published in H.15 daily update or another recognized electronic source used for the purpose of displaying that rate, under the heading “Bank Prime Loan.”
- If the rate described above does not appear in H.15 (519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the prime rate will be the arithmetic mean of the following rates as they appear on the **Reuters screen US PRIME 1 page**: the rate of interest publicly announced by each bank appearing on that page as that bank’s prime rate or base lending rate, as of 11:00 A.M., New York City time, on the relevant interest determination date.
- If fewer than four of these rates appear on the Reuters screen US Prime 1 page, the prime rate will be the arithmetic mean of the prime rates or base lending rates, as of the close of business on the relevant interest determination date, of three major banks in New York City selected by the calculation agent. For this purpose, the calculation agent will use rates quoted on the basis of the actual number of days in the year divided by a 360-day year.
- If fewer than three banks selected by the calculation agent are quoting as described above, the prime rate for the new interest period will be the prime rate in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

LIBOR Notes

If you purchase a LIBOR note, your note will bear interest at a base rate equal to LIBOR, which will be the London interbank offered rate for deposits in U.S. dollars or any other index currency, as specified in the applicable Final Terms. In addition, the applicable LIBOR base rate will be adjusted by

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the spread or spread multiplier, if any, specified in the applicable Final Terms. LIBOR will be determined in the following manner:

- LIBOR will be either:
 - the offered rate appearing on the **Telerate LIBOR Page**; or
 - the arithmetic mean of the offered rates appearing on the **Reuters screen LIBOR page** unless that page by its terms cites only one rate, in which case that rate;

in either case, as of 11:00 A.M., London time, on the relevant interest determination date, for deposits of the relevant index currency having the relevant index maturity beginning on the relevant interest reset date. The applicable Final Terms will indicate the index currency, the index maturity and the reference page that will apply to your LIBOR note. If no reference page is specified in the applicable Final Terms, the Telerate LIBOR page will apply to your LIBOR note.

- If the Telerate LIBOR page applies and the rate described above does not appear on that page, or if Reuters screen LIBOR page applies and fewer than two of the rates described above appears on that page or no rate appears on any page on which only one rate normally appears, then LIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., London time, on the relevant interest determination date, at which deposits of the following kind are offered to prime banks in the London interbank market by four major banks in that market selected by the calculation agent: deposits of the index currency having the relevant index maturity, beginning on the relevant interest reset date, and in a **representative amount**. The calculation agent will request the principal London office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR for the relevant interest determination date will be the arithmetic mean of the quotations.
- If fewer than two quotations are provided as described above, LIBOR for the relevant interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading European banks quoted, at approximately 11:00 A.M., in the principal financial center for the country of the index currency, on that interest determination date, by three major banks in that financial center selected by the calculation agent: loans of the index currency having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount.
- If fewer than three banks selected by the calculation agent are quoting as described above, LIBOR for the new interest period will be LIBOR in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

EURIBOR Notes

If you purchase a EURIBOR note, your note will bear interest at a base rate equal to the interest rate for deposits in euros designated as “EURIBOR” and sponsored jointly by the European Banking Federation and ACI—the Financial Market Association, or any company established by the joint sponsors for purposes of compiling and publishing that rate. In addition, the EURIBOR base rate will be adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms, EURIBOR will be determined in the following manner:

- EURIBOR will be the offered rate for deposits in euros having the index maturity specified in the applicable Final Terms, beginning on the second euro business day after the relevant interest determination date, as that rate appears on Telerate page 248 as of 11:00 A.M., Brussels time, on the relevant interest determination date.

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- If the rate described above does not appear on Telerate page 248, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on the relevant interest determination date, at which deposits of the following kind are offered to prime banks in the euro-zone interbank market by the principal euro-zone office of each of four major banks in that market selected by the calculation agent: euro deposits having the relevant index maturity, beginning on the relevant interest reset date, and in a representative amount. The calculation agent will request the principal euro-zone office of each of these banks to provide a quotation of its rate. If at least two quotations are provided, EURIBOR for the relevant interest determination date will be the arithmetic mean of the quotations.
- If fewer than two quotations are provided as described above, EURIBOR for the relevant interest determination date will be the arithmetic mean of the rates for loans of the following kind to leading euro-zone banks quoted, at approximately 11:00 A.M., Brussels time on that interest determination date, by three major banks in the euro-zone selected by the calculation agent: loans of euros having the relevant index maturity beginning on the relevant interest reset date, and in a representative amount.
- If fewer than three banks selected by the calculation agent are quoting as described above, EURIBOR for the new interest period will be EURIBOR in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

Treasury Rate

If you purchase a treasury rate note, your note will bear interest at a base rate equal to the treasury rate and adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms.

The treasury rate will be the rate for the auction, on the relevant interest determination date, of treasury bills having the index maturity specified in the applicable Final Terms, as that rate appears on Telerate page 56 or 57 under the heading "Investment Rate." If the treasury rate cannot be determined in this manner, the following procedures will apply.

- If the rate described above does not appear on either page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, the treasury rate will be the **bond equivalent yield** of the rate, for the relevant interest determination date, for the type of treasury bill described above, as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading "U.S. Government Securities/Treasury Bills/Auction High."
- If the rate described in the prior paragraph does not appear in H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the treasury rate will be the bond equivalent yield of the auction rate, for the relevant interest determination date and for treasury bills of the kind described above, as announced by the U.S. Department of the Treasury.

CMT Rate Notes

If you purchase a CMT rate note, your note will bear interest at a base rate equal to the CMT rate and adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms.

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The CMT rate will be the following rate displayed on the **designated CMT telerate page** under the heading “... Treasury Constant Maturities. . . Federal Reserve Board Release H.15 . . . Mondays Approximately 3:45 P.M.,” under the column for the **designated CMT index maturity**:

- if the designated CMT Telerate page is Telerate page 7051, the rate for the relevant interest determination date; or
- if the designated CMT Telerate page is Telerate page 7052, the weekly or monthly average, as specified in the applicable Final Terms, for the week that ends immediately before the week in which the relevant interest determination date falls, or for the month that ends immediately before the month in which the relevant interest determination date falls, as applicable.

If the CMT rate cannot be determined in this manner, the following procedures will apply:

- If the applicable rate described above is not displayed on the relevant designated CMT Telerate page at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the CMT rate will be the applicable treasury constant maturity rate described above — *i.e.*, for the designated CMT index maturity and for either the relevant interest determination date or the weekly or monthly average, as applicable — as published in H.15 (519).
- If the applicable rate described above does not appear in H.15 (519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the treasury constant maturity rate, or other U.S. treasury rate, for the designated CMT index maturity and with reference to the relevant interest determination date, that:
 - is published by the Board of Governors of the Federal Reserve System, or the U.S. Department of the Treasury; and
 - is determined by the calculation agent to be comparable to the applicable rate formerly displayed on the designated CMT Telerate page and published in H.15 (519).
- If the rate described in the prior paragraph does not appear at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, then the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market offered rates for the most recently issued treasury notes having an original maturity of approximately the designated CMT index maturity and a remaining term to maturity of not less than the designated CMT index maturity minus one year, and in a representative amount: the offered rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these offered rates, the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation — or, if there is equality, one of the highest — and the lowest quotation — or, if there is equality, one of the lowest. Treasury notes are direct, non-callable, fixed rate obligations of the U.S. government.
- If the calculation agent is unable to obtain three quotations of the kind described in the prior paragraph, the CMT rate will be the yield to maturity of the arithmetic mean of the following secondary market offered rates for treasury notes with an original maturity longer than the designated CMT index maturity, with a remaining term to maturity closest to the designated CMT index maturity and in a representative amount: the offered rates, as of approximately 3:30 P.M., New York City time, on the relevant interest determination date, of three primary U.S. government securities dealers in New York City selected by the calculation agent. In selecting these offered rates,

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the calculation agent will request quotations from five of these primary dealers and will disregard the highest quotation — or, if there is equality, one of the highest — and the lowest quotation — or, if there is equality, one of the lowest. If two treasury notes with an original maturity longer than the designated CMT index maturity have remaining terms to maturity that are equally close to the designated CMT index maturity, the calculation agent will obtain quotations for the treasury note with the shorter remaining term to maturity.

- If fewer than five but more than two of these primary dealers are quoting as described in the prior paragraph, then the CMT rate for the relevant interest determination date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded.
- If two or fewer primary dealers selected by the calculation agent are quoting as described above, the CMT rate in effect for the new interest period will be the CMT rate in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

CD Rate Notes

If you purchase a CD rate note, your note will bear interest at a base rate equal to the CD rate and adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms.

The CD rate will be the rate, on the relevant interest determination date, for negotiable U.S. dollar certificates of deposit having the index maturity specified in your Final Terms, as published in H.15 (519) under the heading “CDs (Secondary Market).” If the CD rate cannot be determined in this manner, the following procedures will apply.

- If the rate described above does not appear in H.15 (519) at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the CD rate will be the rate, for the relevant interest determination date, described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading “CDs (Secondary Market).”
- If the rate described above does not appear in H.15 (519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the CD rate will be the arithmetic mean of the following secondary market offered rates for negotiable U.S. dollar certificates of deposit of major U.S. money center banks with a remaining maturity closest to the specified index maturity, and in a representative amount: the rates offered as of 10:00 A.M., New York City time, on the relevant interest determination date, by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City, as selected by the calculation agent.
- If fewer than three dealers selected by the calculation agent are quoting as described above, the CD rate in effect for the new interest period will be the CD rate in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

Federal Funds Rate Notes

If you purchase a federal funds rate note, your note will bear interest at a base rate equal to the federal funds rate and adjusted by the spread or spread multiplier, if any, specified in the applicable Final Terms.

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The federal funds rate will be the rate for U.S. dollar federal funds on the relevant interest determination date, as published in H.15 (519) under the heading “Federal Funds (Effective),” as that rate is displayed on Telerate page 120. If the federal funds rate cannot be determined in this manner, the following procedures will apply:

- If the rate described above is not displayed on Telerate page 120 at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from that source at that time, then the federal funds rate, for the relevant interest determination date, will be the rate described above as published in H.15 daily update, or another recognized electronic source used for displaying that rate, under the heading “Federal Funds (Effective).”
- If the rate described above is not displayed on Telerate page 120 and does not appear in H.15 (519), H.15 daily update or another recognized electronic source at 3:00 P.M., New York City time, on the relevant interest calculation date, unless the calculation is made earlier and the rate is available from one of those sources at that time, the federal funds rate will be the arithmetic mean of the rates for the last transaction in overnight, U.S. dollar federal funds arranged, before 9:00 A.M., New York City time, on the relevant interest determination date, by three leading brokers of U.S. dollar federal funds transactions in New York City selected by the calculation agent.
- If fewer than three brokers selected by the calculation agent are quoting as described above, the federal funds rate in effect for the new interest period will be the federal funds rate in effect for the prior interest period. If the initial base rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

Renewable Floating Rate Notes

If specified in the applicable Final Terms, your floating rate note may be a renewable floating rate note. The interest rate and other relevant terms of your renewable floating rate note will be described in the applicable Final Terms.

Renewable floating rate notes will mature as described in the applicable Final Terms unless the stated maturity of all or a portion of the principal amount is extended in the following manner. The interest payment dates in May and November of each year, or in the months specified in the applicable Final Terms, will be the election dates. On each election date, the maturity of your renewable floating rate note will be automatically extended to the interest payment date occurring twelve months after the election date, unless the holder elects to terminate the automatic extension. The holder may elect to terminate the automatic extension either as to the entire maturity or as to any portion of the maturity having a principal amount of \$1,000 or any multiple of \$1,000 (or, in the case of a note denominated in a currency other than dollars, a principal amount or multiple thereof described in the applicable Final Terms, so long as the remaining principal amount of the notes is at least \$100,000 (or its equivalent in the applicable currency)). To make this election, the holder must give notice to the paying agent within the time frame specified in the applicable Final Terms. If the holder elects to terminate the automatic extension as to the whole or any portion of the maturity, that whole or portion will become due and payable on the interest payment date falling six months after the election date that preceded the election date on which the holder made the election, or at such time as specified in the applicable Final Terms. The applicable Final Terms will also specify a final maturity date, beyond which there will be no automatic extension.

The holder of a renewable floating rate note may revoke an election to terminate the automatic extension of the entire amount as to which the election was made, or any portion of that amount having a principal amount of \$1,000 or any multiple of \$1,000 (or, in the case of a note denominated in a currency other than dollars, a principal amount or multiple thereof described in the applicable

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Final Terms, so long as the remaining principal amount of the notes is at least \$100,000 (or its equivalent in the applicable currency). To revoke an election, the holder must deliver notice to the paying agent on any day following the election but no later than 15 days before the revoked portion would otherwise mature, or at such time as specified in the applicable Final Terms. A revocation may not be made, however, during the period between and including a record date and the immediately succeeding interest payment date.

An election to terminate the automatic extension, if not revoked in the manner described immediately above by the holder or any subsequent holder, will be binding upon any subsequent holder.

The issuing branch may redeem a renewable floating rate note in whole or in part on the interest payment dates in each year specified in the applicable Final Terms, at a redemption price set forth in the applicable Final Terms, together with accrued interest to the date of the redemption. If the issuing branch redeems a renewable floating rate note, it will mail notice of the redemption to each holder by first class mail, postage-prepaid, at least 180 days before the date selected for the redemption. The issuing branch will follow this procedure even if it differs from the procedures specified under “— Redemption, Repayment and Purchase” above.

Special Rate Calculation Terms

This subsection uses several terms that have special meanings relevant to calculating floating interest rates. These terms have the following meanings:

The term “**Bond Equivalent Yield**” means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where

- “D” means the annual rate for treasury bills quoted on a bank discount basis and expressed as a decimal;
- “N” means 365 or 366, as the case may be; and
- “M” means the actual number of days in the applicable interest reset period.

The term “**business day**” means, for any note, a day that meets all the following applicable requirements:

- for all notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in New York City generally are authorized or obligated by law, regulation or executive order to close;
- if the note is a LIBOR note, is also a London business day;
- if the note has a specified currency other than U.S. dollars or euros, is also a day on which banking institutions are not authorized or obligated by law, regulation or executive order to close in the principal financial center of the country issuing the specified currency; and
- if the note is a EURIBOR note or has a specified currency of euros, or is a LIBOR note for which the index currency is euros, is also a euro business day.

The term “**designated CMT index maturity**” means the index maturity for a CMT rate note and will be the original period to maturity of a U.S. treasury security — either 1, 2, 3, 5, 7, 10, 20 or 30 years — specified in the applicable Final Terms. If no such original maturity period is so specified, the designated CMT index maturity will be 2 years.

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The term “**designated CMT Telerate page**” means the Telerate page specified in the applicable Final Terms that displays treasury constant maturities as reported in H.15 (519). If no Telerate page is so specified, then the applicable page will be Telerate page 7052. If Telerate page 7052 applies but the applicable Final Terms does not specify whether the weekly or monthly average applies, the weekly average will apply.

The term “**euro business day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System, or any successor system, is open for business.

The term “**euro-zone**” means, at any time, the region comprised of the member states of the European Economic and Monetary Union that, as of that time, have adopted a single currency in accordance with the Treaty on European Union of February 1992.

“**H.15 (519)**” means the weekly statistical release entitled “Statistical Release H.15(519),” or any successor publication, published by the Board of Governors of the Federal Reserve System.

“**H.15 daily update**” means the daily update of H.15 (519) available through the worldwide-web site of the Board of Governors of the Federal Reserve System, at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

The term “**index currency**” means, with respect to a LIBOR note, the currency specified as such in the applicable Final Terms. The index currency may be U.S. dollars or any other currency, and will be U.S. dollars unless another currency is specified in the applicable Final Terms.

The term “**index maturity**” means, with respect to a floating rate note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable Final Terms.

“**London business day**” means any day on which dealings in the relevant index currency are transacted in the London interbank market.

The term “**money market yield**” means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{money market yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where

- “D” means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and
- “M” means the actual number of days in the applicable interest reset period.

The term “**representative amount**” means an amount that, in the calculation agent’s judgment, is representative of a single transaction in the relevant market at the relevant time.

“**Reuters screen LIBOR page**” means the display on the Reuters Monitor Money Rates Service, or any successor service, on the page designated as “LIBO” or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

“**Reuters screen US PRIME 1 page**” means the display on the “US prime 1” page on the Reuters Monitor Money Rates Service, or any successor service, or any replacement page or pages on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

“**Telerate LIBOR page**” means Telerate page 3750 or any replacement page or pages on which London interbank rates of major banks for the relevant index currency are displayed.

Description of the Notes

“Telerate page” means the display on Bridge Telerate, Inc., or any successor service, on the page or pages specified in the applicable Final Terms, or any replacement page or pages on that service.

If, when this offering circular uses the terms designated CMT Telerate page, H.15 (519), H.15 daily update, Reuters screen LIBOR page, Reuters screen US PRIME 1 page, Telerate LIBOR page or Telerate page, this offering circular refers to a particular heading or headings on any of those pages, those references include any successor or replacement heading or headings as determined by the calculation agent.

Overdue Payments

Interest on registered notes not punctually paid or duly provided for will cease to be payable to the person in whose name the note is registered at the close of business on the relevant record date and will be payable to the person in whose name the note is registered at the close of business on a special record date to be fixed by the fiscal agent. Interest on any overdue principal and (to the extent legally enforceable) any overdue installment of interest in respect of a note will be payable at the applicable rate per annum stated, or calculated pursuant to the interest formula set forth, in the applicable note.

Zero Coupon Notes

If the interest rate specified in the applicable Final Terms is “zero,” the note will be a zero coupon note and will not bear interest, except that any outstanding principal amount of the note not paid when due will bear interest from the maturity date at a rate per annum equal to the accrual yield set forth in the applicable Final Terms. This interest will continue to accrue (to the extent permitted by applicable law both before and after judgment) until the earlier of:

- the day on which all sums due in respect of such note up to that day are received by or on behalf of the holder of such note; and
- the day on which the fiscal agent has notified the holder of receipt of all sums due in respect the note up to that date.

Extension of Maturity

If specified in the applicable Final Terms, the issuing branch will have the option to extend the stated maturity for one or more periods of whole years up to but not beyond the final maturity date specified in the applicable Final Terms. This type of note is called an extendible note. The period of time as to which the issuing branch may extend the maturity is called the extension period. The following procedures will apply to extendible notes, unless otherwise indicated in the applicable Final Terms.

The issuing branch may extend the maturity of an extendible note by notifying the paying agent between 45 and 60 days before the stated maturity then in effect. The stated maturity may be the original stated maturity, as described in the applicable Final Terms, or a maturity that the issuing branch has previously extended by following these procedures. If the issuing branch notifies the paying agent that it will extend the maturity, the paying agent will send a notice to each holder by first class mail, postage prepaid, or by other means agreed upon between the issuing branch and the paying agent, at least 30 days before the stated maturity then in effect. The notice sent by the paying agent will set forth the following information:

- the issuing branch’s election to extend the maturity of the extendible note;
- the extended maturity date or, if the maturity date had previously been extended, the new extended maturity date;
- the interest rate that will apply during the extension period or, in the case of a floating rate note, the spread and/or spread multiplier, if any, applicable during the extension period; and

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- the provisions, if any, for redemption and repayment during the extension period.

Once the paying agent has mailed the notice to each holder, the extension of the maturity date will take place automatically. All of the terms of the note will be the same as the terms of the note as originally issued, except those terms that are described in the notice sent by the paying agent to each holder and except as described in the following paragraph.

Not later than 10:00 a.m., New York City time, on the twentieth calendar day before the maturity date then in effect for an extendible note or, if that day is not a business day, on the next succeeding business day, the issuing branch may revoke the interest rate set forth in the extension notice sent by the paying agent to each holder and establish a higher interest rate for the extension period. If the issuing branch elects to establish a higher interest rate, the paying agent will send a notice to each holder by first class mail, postage prepaid, or by other means agreed between the issuing branch and the paying agent, of the higher interest rate in the case of a floating rate note, the higher spread and/or spread multiplier, if any. The notice of the higher rate cannot be revoked. All extendible notes as to which the maturity date has been extended will bear the higher rate for the extension period, whether or not tendered for repayment.

If the issuing branch elects to extend the maturity date of an extendible note, each holder may elect repayment of all or part of its note on the maturity date then in effect at a price equal to the principal amount plus any accrued and unpaid interest to that date. To elect repayment, a holder must give notice to the paying agent between 25 and 35 days before the maturity date in effect. The notice must consist of either:

- the note along with the completed form entitled “Option to Elect Repayment,” which is attached to the note; or
- a telegram, facsimile transmission or letter from a member of a national securities exchange, the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States setting forth the name of the holder, the principal amount of the note, the principal amount of the note to be repaid, the certificate number or a description of the tenor and terms of the note, a statement that the option to elect repayment is being elected and a guarantee that the note, together with the completed form entitled “Option to Elect Repayment” will be received by the paying agent no later than the fifth business day after the date of the telegram, facsimile transmission or letter. The telegram, facsimile transmission or letter will become effective upon receipt, by that fifth business day, of the note and complete form.

The holder may revoke the election of repayment by sending to the paying agent written notice by 3:00 p.m., New York City time, on the twentieth day before the maturity date then in effect or, if that day is not a business day, on the next succeeding business day.

For so long as the notes are listed on the Euro MTF market, the issuer will communicate any extension of the maturity date of an extendible note as soon as possible to the Luxembourg Stock Exchange.

Indexed Notes

An issuing branch may from time to time offer indexed notes having an indexed principal amount payable on the maturity date and/or indexed coupon amounts payable on each interest payment date which are determined reference to one or more indexes which may be related to (i) one or more indexed currencies (such indexed notes are called currency indexed notes); (ii) one or more indexed commodities (such indexed notes are called commodity indexed notes); (iii) one or more securities indexes (such indexed notes are called securities indexed notes); or (iv) such other indexes, prices or economic measures as are described in the applicable Final Terms. The relevant index or indexes, the

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method or formula for determining the indexed principal amount and/or the indexed coupon amount, and, if required, historical and other information concerning the underlying assets (as described below) will be set forth in the applicable Final Terms, together with a description of any material U.S. federal income tax consequences relevant to the holding of such indexed notes. “Underlying assets” means:

- the currencies or composite currencies related to a currency indexed note,
- the commodity or commodities related to a commodity indexed note,
- the securities or the securities index or indexes related to a securities indexed note, or
- the other indexes, prices or economic measures related to an indexed note.

Unless otherwise specified in the applicable Final Terms, the indexed coupon amount on an indexed note will be payable by the issuing branch based on the amount designated in the applicable Final Terms as the “face amount” of such indexed note. The applicable Final Terms will describe whether the principal amount of the related indexed note that would be payable upon redemption, repayment or acceleration prior to maturity will be the face amount of such indexed note, the indexed principal amount of such indexed note at the time of redemption or repayment, or another amount specified in such Final Terms.

If the determination of the indexed principal amount and/or the indexed coupon amount of an indexed note is based on an index calculated or announced by an original index calculation agent and the original index calculation agent either suspends the calculation or announcement of the index or changes the basis upon which the index is calculated (other than changes consistent with policies in effect at the time such indexed note was issued and permitted changes described in the applicable Final Terms), then the index will be calculated for purposes of the indexed note by the substitute index calculation agent, which may be the issuing branch or an agent or one of their affiliates, on the same basis, and subject to the same conditions and controls, as applied to the original index calculation agent. If for any reason the index cannot be calculated on the same basis and subject to the same conditions and controls as applied to the original index calculation agent, then the indexed principal amount and/or the indexed coupon amount of the indexed note will be calculated in the manner specified in the applicable Final Terms. Any determination by the substitute index calculation agent will be binding on all parties in the absence of manifest error.

Payments on Days That are Not Business Days

If the stated maturity of a note or any interest payment date falls on a day that is not a business day, the related payment of principal or interest, if any, will be made on the next succeeding business day with the same force and effect as if it were made on the date on which the payment was due. No interest will accrue from and after the original due date.

Status of Obligations

Senior Notes

The obligations of UBS AG and the issuing branch under senior notes will rank *pari passu* with all other unsecured indebtedness of UBS AG and the issuing branch for money borrowed that is not contractually subordinated to the payment of those obligations, including unsecured deposit obligations, except for obligations entitled to statutory priority in the event of liquidation upon insolvency.

Subordinated Notes

Subordinated notes will be unsecured and subordinated obligations of UBS AG and the issuing branch. If UBS AG is dissolved or liquidated, subordinated notes will rank subordinate to deposit liabilities and

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the other liabilities of the issuing branch and UBS AG as a whole, except liabilities that by their terms rank equally with or subordinate to the subordinated notes.

The principal of, and interest payable on, the subordinated notes will be subordinated in right of payment:

- upon the occurrence of any event of default with respect to the subordinated notes, to the prior payment in full of the deposit liabilities of UBS AG and all other liabilities of UBS AG (including all deposit liabilities and other liabilities of the issuing branch, the head office and all offices of UBS AG wherever located), except those liabilities that by their terms rank *pari passu* with or are subordinated to the subordinated notes,
- if the Stamford branch is the issuing branch and the Commissioner takes possession of the business and property of the Stamford branch at a time when the Office of the Comptroller of the Currency has not taken possession of all of the property and assets of UBS AG in the United States, to the prior payment in full of the deposit and other liabilities of the Stamford branch, except those liabilities that by their terms rank *pari passu* with or are subordinated to the subordinated notes, and
- if the Office of the Comptroller of the Currency takes possession of all of the property and assets of UBS AG in the United States, to the prior payment in full of the deposit and other liabilities of all of the branches and agencies of UBS AG in the United States, except those liabilities that by their terms rank *pari passu* with or are subordinated to the subordinated notes.

With respect to subordinated notes issued by the New York branch or the Stamford branch, under the terms of any subordinated notes, the holders of such notes will, by their acceptance of the subordinated notes, irrevocably waive their rights to any preference to which they may become entitled under Section 36a-428n(e) of the Connecticut General Statutes (in the case of subordinated notes issued by the Stamford branch), under Section 4(j) of the IBA or under any other similar law to the extent necessary to give effect to the subordination provisions of the subordinated notes. See “Regulation and Supervision of the Branches in the United States.”

In order to implement these subordination provisions, a holder of a subordinated note issued by the New York branch or the Stamford branch by its acceptance of the subordinated note will be deemed to have agreed that should the Commissioner or the Office of the Comptroller of the Currency, as the case may be, take possession or be in possession of the business and property of such branch at a time when proceedings with respect to the insolvency or liquidation of UBS AG have occurred and are continuing, then the Commissioner or the Office of the Comptroller of the Currency, as the case may be, will apply any amounts that would be due to the holders of subordinated notes of that branch in the absence of the subordination provisions:

- first, to the payment in full of all deposit liabilities and all other liabilities of that branch and, if the Office of the Comptroller of the Currency has taken possession, of all the other branches and agencies of UBS AG in the United States (other than the subordinated notes and other obligations of that branch (or the U.S. branches and agencies of UBS AG) that rank *pari passu* with or that are subordinated to the subordinated notes) and to any other claim accorded priority under any U.S. federal or Connecticut state law that is then due and payable, the priorities to be ascribed among those claims to be determined in accordance with those laws, and
- thereafter, to pay any amount remaining to any receiver or similar official in insolvency of UBS AG with similar powers appointed with respect to UBS AG or its assets for application, (a) first, to payment in full of all claims of depositors and other obligations of UBS AG ranking senior in right of payment to the subordinated notes and (b) thereafter, to the payment, equally and ratably, of amounts due and owing on the subordinated notes (whether pursuant to the terms of the

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subordinated notes or otherwise) and all obligations of UBS AG ranking *pari passu* in right of payment with the subordinated notes.

Each holder of a subordinated note issued by the New York branch or the Stamford branch, by its acceptance thereof, will be deemed to have also agreed that should the Commissioner or the Office of the Comptroller of the Currency, as the case may be, take possession or be in possession of the business and property of that branch at any time when no proceedings with respect to the insolvency or liquidation with respect to UBS AG have occurred and are continuing, the Commissioner or the Office of the Comptroller of the Currency, as the case may be, will apply the assets of that branch:

- first, to payment in full of all deposit liabilities of that branch and all other liabilities of that branch and, if the Office of the Comptroller of the Currency has taken possession, of all the other branches and agencies of UBS AG in the United States (other than the subordinated notes and other obligations of that branch (or the U.S. branches and agencies of UBS AG) that rank *pari passu* with or that are subordinated to the subordinated notes) and to any other claim accorded priority under any U.S. federal or Connecticut state law which is then due and payable, the priorities to be ascribed among those claims to be determined in accordance with those laws,
- second, to the payment, equally and ratably, of amounts then due and owing on the subordinated notes and all obligations ranking *pari passu* in right of payment with the subordinated notes, and
- thereafter, to pay any amount remaining to UBS AG.

As a consequence of these subordination provisions, if proceedings with respect to the insolvency or liquidation with respect to UBS AG should occur, and/or if the Commissioner or the Office of the Comptroller of the Currency, as the case may be, should take possession of the business or property of the New York branch or the Stamford branch, the holders of subordinated notes may recover less ratably than the holders of deposit liabilities or the holders of other unsubordinated liabilities of UBS AG or the affected branch. Moreover, holders of subordinated notes issued by such branch would likely be required to pursue their claims on the subordinated notes in proceedings with respect to UBS AG in Switzerland. To the extent that holders of subordinated notes are entitled to any recovery with respect to subordinated notes in any Swiss proceedings, the holders might not be entitled in such proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Swiss francs.

Events of Default

Senior Notes

Unless otherwise specified in the applicable Final Terms, the following will be events of default in respect of the senior notes:

- default in the payment of any interest or any other amounts (other than principal) in respect of any senior notes when due, which continues for 15 days;
- default in the payment of any principal of any senior notes when due, which continues for 15 days;
- default in the performance or breach of any covenant of UBS AG or any issuing branch contained in the fiscal agency agreement or in any senior notes issued under the fiscal agency agreement, which continues for 30 days after written notice has been sent to UBS AG by the fiscal agent as provided in the fiscal agency agreement; and
- certain events of insolvency or reorganization of, or the appointment of a conservator, receiver or liquidator of UBS AG or the issuing branch, or substantially all of the property of UBS AG or the issuing branch, which continue and remain in effect for the periods of time specified in the fiscal agency agreement.

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Unless otherwise specified in the applicable Final Terms, if an event of default with respect to the senior notes at the time outstanding occurs and is continuing, the holders of not less than 33- $\frac{1}{3}$ percent in principal amount of the outstanding senior notes may declare the principal amount of all senior notes due and payable by written notice to UBS AG and to the fiscal agent. Upon such declaration and notice, the principal amount, together with accrued interest thereon to the date of payment, will become due and payable on the day that is seven days after such notice. At any time after a declaration of acceleration with respect to the senior notes has been made, but before a judgment or decree for payment of money due has been obtained, the holders of a majority in principal amount of the outstanding senior notes may by written notice to UBS AG and the fiscal agent rescind and annul the declaration and its consequences if all payments due (other than those due as a result of such acceleration) have been made and all events of default with respect to senior notes have been cured or waived.

In the case of senior notes that are zero coupon notes, the amount payable upon acceleration will be equal to the early redemption/payment amount with respect to those notes that would be payable if the date of acceleration were the early redemption date for those notes.

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement provides that the fiscal agent will, within 30 days after the occurrence of a default with respect to the senior notes, give to the holders of the senior notes notice of all uncured or non-waived defaults of which a responsible officer of the fiscal agent has actual knowledge or of which the fiscal agent has written notice (the term “default” being defined to include the failure to pay principal or interest without grace periods or notice); *provided* that except in the case of default in payment of principal or interest in respect of any senior notes, the fiscal agent will be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the fiscal agent in good faith determines that the withholding of the notice is in the interests of such holders of notes; and *provided, further*, that in the case of a default involving the breach of a covenant in the fiscal agency agreement or the notes, no such notice will be given until at least 30 days after its occurrence.

Subordinated Notes

Unless otherwise specified in the applicable Final Terms, the following will be events of default in respect of the subordinated notes:

- a court or agency or supervisory authority in Switzerland having jurisdiction in respect of UBS AG institutes a proceeding or entered a decree or order for the appointment of a receiver or liquidator in any bankruptcy, insolvency, rehabilitation, readjustment of debt, marshaling of assets and liabilities, or similar arrangements involving UBS AG or all or substantially all of its property, or for the winding up of or liquidation of its affairs, and such proceeding, decree or order is not vacated or remains in force undischarged or unstayed for a period of 60 days, or
- UBS AG files a petition to take advantage of any insolvency statute or voluntarily suspend payment of its obligations.

Unless otherwise specified in the applicable Final Terms, each subordinated note will provide that if an event of default in respect of the subordinated note has occurred and is continuing, the holder of that note may declare the principal of that subordinated note, together with any unpaid accrued interest, to be due and payable by written notice to UBS AG and the fiscal agent. Upon the declaration and notice, the principal amount, together with accrued interest to the date of payment, will become due and payable upon the day that is seven days after such notice. There will be no right of acceleration in the case of a default in the payment of interest on, or other amounts owing under, the subordinated notes

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or a default in the performance of any other covenant of the issuing branch or UBS AG in the subordinated notes.

In the case of subordinated notes that are zero coupon notes, the amount payable upon acceleration will be equal to the early redemption/payment amount with respect to those notes that would be payable if the date of acceleration were the early redemption date for those notes.

Undertaking for Costs

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement provides that UBS AG and the fiscal agent agree, and each holder of a note by its acceptance of the note will be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under the fiscal agency agreement, the note, or against the fiscal agent for any action taken, suffered or omitted by it as fiscal agent (other than, to the extent permitted by applicable law, a suit instituted by UBS AG, an issuing branch, the fiscal agent or a holder or group of holders holding in the aggregate more than ten percent in principal amount of the outstanding notes of any relevant series, or a suit instituted by any holder for the enforcement of the payment of the principal of or interest on any applicable note on or after its maturity), the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by that party.

Certain Duties of the Fiscal Agent

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement provides that the fiscal agent will be under no obligation to take any action or perform any duties other than those specifically set forth in the fiscal agency agreement.

Successor Fiscal Agent

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement provides that the fiscal agent may resign at any time or be removed at any time with respect to the notes of any applicable series by UBS AG acting through the issuing branch. Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement provides that any successor fiscal agent must be a bank or trust company organized and doing business under the laws of the United States or the State of New York, in good standing and having an established place of business in the Borough of Manhattan, The City of New York, with a combined capital and surplus of at least \$50,000,000, subject to supervision and examination by U.S. federal or New York state authorities and authorized under such laws to exercise corporate trust powers. Notwithstanding the foregoing, unless otherwise specified in the applicable Final Terms, UBS AG may, in lieu of or in addition to appointing and maintaining a fiscal agent, undertake to perform at UBS AG any or all of the functions of the fiscal agent under the fiscal agency agreement.

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement further provides that any corporation or bank resulting from any merger, conversion or consolidation to which the fiscal agent is a party will be the successor fiscal agent, so long as the corporation or bank is otherwise qualified and eligible under the fiscal agency agreement. The successor will become the successor fiscal agent without filing or executing any paper or taking any further act on the part of any party to the fiscal agency agreement.

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Return of Unclaimed Funds

Unless otherwise specified in the applicable Final Terms, any monies paid by the issuing branch or UBS AG to a fiscal agent or other paying agent under the fiscal agency agreement for the payment of principal or interest in respect of notes and remaining unclaimed after the expiration of two years following the date on which the principal or interest becomes due and payable will, if held by a fiscal agent (or other paying agent), be returned to the issuing branch at the issuing branch's written request and the holder of such a note must thereafter, as an unsecured general creditor, look only to UBS AG and the issuing branch for the payment of these amounts. All liability of the fiscal agent (or any other paying agent) with respect to those amounts will immediately cease.

In addition, if funds unclaimed after two years are returned by a fiscal agent to the issuing branch as provided in the fiscal agency agreement, a party making a claim for those monies against UBS AG in Switzerland would be subject to a period of limitation under Swiss law of ten years for the payment of principal and five years for the payment of interest, commencing on the date when such payments were originally due.

Governing Law

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Consent to Jurisdiction; Service of Process; Immunity

UBS AG will irrevocably submit to the exclusive jurisdiction of any U.S. federal or New York State court sitting in New York City, the Borough of Manhattan for the purpose of any suit, action or proceeding against it arising out of or related to the notes or the fiscal agency agreement (a "proceeding"). UBS AG will irrevocably waive, to the fullest extent permitted by law, any objection that it may have to the laying of the venue of any such proceedings brought in such a court and any claim that any such proceedings have been brought in an inconvenient forum. UBS AG agrees that final judgment in any proceedings brought in such a court will be conclusive and binding upon UBS AG and may be enforced in any court the jurisdiction of which it is subject by a suit upon such judgment, so long as service of process is effected upon UBS AG in the manner specified in the fiscal agency agreement or as otherwise permitted by law.

As long as any note or coupon remains outstanding, UBS AG will at all times have an authorized agent in the Borough of Manhattan, The City of New York, upon whom process may be served in connection with any proceedings.

UBS AG will irrevocably waive and agree not to plead any immunity from the jurisdiction of any U.S. federal or New York State court sitting in the Borough of Manhattan, The City of New York, to which it may be or become entitled in any proceeding.

Substitution of Issuer

Unless otherwise specified in the applicable Final Terms, the issuing branch and UBS AG may, upon at least 30 days' and not more than 60 days' notice, substitute a branch or agency of UBS AG other than the issuing branch as the primary obligor of the notes issued by such issuing branch, so long as:

- the obligations of the issuing branch under the notes issued by that issuing branch and the fiscal agency agreement are expressly assumed by such branch or agency of UBS AG (the "successor office"), and this assumption is evidenced by an instrument satisfactory in form and substance to the fiscal agent;

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- no registration under the Securities Act, and no qualification of an indenture under the Trust Indenture Act, is required in connection with such assumption;
- such assumption by the successor office is made in compliance with all applicable legal and regulatory requirements; and
- UBS AG delivers to the fiscal agent an officer's certificate stating that such assumption by the successor office and the instrument evidencing such assumption comply with the conditions set forth above and an opinion of independent counsel of recognized standing stating that the assumption by the successor office and the instrument evidencing such assumption comply with the second condition above.

UBS AG does not believe that such a substitution would affect the U.S. federal income tax consequences applicable to any holders of the notes. It is possible, however, that the Internal Revenue Service or other tax authority could take a contrary view. Upon the assumption of the obligations of the issuing branch under the notes and the fiscal agency agreement by a successor office, the successor office will be substituted for the issuing branch for the purposes of the notes and the fiscal agency agreement.

Replacement of Notes

If any notes or coupons become mutilated or defaced or are destroyed, lost or stolen, the fiscal agent will authenticate and deliver a new note (with appropriate coupons attached), on such terms as the issuing branch and the fiscal agent may require, in exchange and substitution for the mutilated or defaced note or the note to which the mutilated or defaced coupon was attached or in lieu of and in substitution for the destroyed, lost or stolen note or the note to which the destroyed, lost or stolen coupon was attached. In every case of mutilation, defacement, destruction, loss or theft, the applicant for a substitute note will furnish to the issuing branch and the fiscal agent such indemnity as the issuing branch and the fiscal agent may require and evidence to their satisfaction of the destruction, loss or theft of the note or coupon and of its ownership. In every case of mutilation or defacement of a note or coupon, the holder must surrender the mutilated or defaced note or coupon to the fiscal agent. In addition, prior to the issuance of any substitute note or coupon, the issuing branch may require the payment of a sum sufficient to cover any related tax or other governmental charge that may be imposed and any other related expenses (including the reasonable fees and expenses of the fiscal agent and its counsel and counsel to the issuing branch). If any note that has matured or will mature within 30 days or any coupon that has become due and payable or will become payable within 30 days becomes mutilated or defaced or is apparently destroyed, lost or stolen, the issuing branch may pay or authorize payment of the same without issuing a substitute note or coupon, as applicable.

Modifications, Waivers and Amendments

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement and the notes of the relevant series may be modified or amended without the consent of any holder of the note of the series for the purposes of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained therein, or in any other manner that the parties thereto and UBS AG may mutually deem necessary or desirable and that will not adversely affect the interests of the holders of the notes of such series in any material respect.

Unless otherwise specified in the applicable Final Terms, modifications and amendments to the notes of a series may also be made, and future compliance with the notes or past default by the issuing branch may be waived with respect to notes of that series, either with the consent of the holders of at least a majority in aggregate principal amount of the outstanding notes of the series or by the adoption of a resolution at a meeting of the holders of notes of the series held in accordance with the provisions of

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the fiscal agency agreement. However, no such modification or amendment and no such waiver may, without the written consent or the affirmative vote of the holder of each note of such series affected thereby:

- change the stated maturity of the principal of or any installment of interest on any such note;
- reduce the principal amount of, or interest on, any note of such series;
- change the obligation of the issuing branch to pay additional amounts with respect to any such note;
- change the currency of payment of principal of or interest on any note of such series;
- reduce the percentage of the principal amount of notes of such series at the time outstanding necessary to modify or amend the notes of that series, or to waive any future compliance or past default by the issuing branch with respect to notes of that series or reduce the percentage of notes of such series required for the taking of action or the quorum required at any meeting of holders of notes of such series at which a resolution is adopted;
- modify the issuing branch's obligation to maintain the fiscal agent or paying agents and transfer agents in accordance with the provisions of the fiscal agency agreement; or
- in the case of a series of subordinated notes, modify or amend the terms of the subordination of that series of subordinated notes.

Modifications and amendments to, or waiver of future compliance with or a past default by the issuing branch under, the fiscal agency agreement may be made either with the consent of the holders of at least the majority in aggregate principal amount of all the notes issued thereunder at the time being outstanding or by the adoption of a resolution at a meeting of holders held in accordance with the provisions of the fiscal agency agreement. Any such modifications, amendments or waivers will be conclusive and binding on all holders of the notes and coupons, if any, of such series or of all the notes and coupons, if any, issued under the fiscal agency agreement, as applicable, whether or not they have given such consent or were present at such meeting, and on all future holders of notes and coupons of such series or of all the notes and coupons issued under the fiscal agency agreement, as applicable, whether or not notation of such modifications, amendments or waivers is made upon those notes or coupons. Any instrument given by or on behalf of any holder of a note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent holders of that note and any coupons appertaining thereto.

Unless otherwise specified in the applicable Final Terms, at any meeting of the holders of the notes of a series or of all the notes, as applicable, called for any of the above purposes, persons entitled to vote 50 percent in aggregate principal amount of the notes of such series or of all the notes issued under the fiscal agency agreement, as applicable, at the time outstanding will constitute a quorum. Any holder of a note entitled to more than one vote will not be required to cast all those votes in the same manner. In the absence of a quorum, the meeting may be adjourned for a period of not less than 10 days. At a meeting or an adjourned meeting duly convened and at which a quorum is present, any resolution to modify or amend, or to waive compliance with, any of the covenants, conditions or events referred to above will be effectively passed if passed by the persons entitled to vote a majority in aggregate principal amount of the notes of such series or of all the notes issued under the fiscal agency agreement, as applicable, represented and voting at the meeting.

Notices

Unless otherwise specified in the applicable Final Terms, notices to holders of global registered notes and definitive registered notes will be in writing and mailed first class, postage prepaid, to their registered addresses appearing on the register and will be deemed to have been given on the date of the

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mailing. Notices to holders of bearer notes will be published in an English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times*. So long as the notes are listed on the Euro MTF market and the rules of that exchange so require, the issuer will also publish notices to the holders of the notes in a leading newspaper having general circulation in Luxembourg. The issuer expects that it will initially make such publication in the *d'Wort*. Any notice published in a newspaper will be deemed to have been given on the date of the publication, or if published more than once, on the date of its first publication. For so long as the notes are listed on the Euro MTF market, such notices may also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Notwithstanding the foregoing, unless otherwise specified in the applicable Final Terms, so long as a temporary global note, permanent global note, or global registered note is held on behalf of Euroclear and Clearstream, there may be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream for communication by them to the holders of interests in the relevant temporary global note, permanent global note or global registered note.

Neither the failure to give notice nor any defect in any notice given to any particular holder of a note will affect the sufficiency of any notice with respect to other notes.

Notice to be given by any holder of a note must be in writing and given by sending the writing, together with the related note or notes, to the fiscal agent or any paying agent. While any notes are represented by a global registered note, temporary global note or permanent global note, notice may be given by any holder of an interest in the note to the fiscal agent or any paying agent via DTC, Euroclear and/or Clearstream, as the case may be, in such manner as the fiscal agent or paying agent, as the case may be, and DTC, Euroclear and/or Clearstream, as the case may be, may approve for this purpose.

Judgment Currency

Unless otherwise specified in the applicable Final Terms, the fiscal agency agreement will provide that the issuing branch will, to the fullest extent it may do so under applicable law, indemnify the holders of the notes against certain losses incurred as a result of any judgment or order being given or made for any amount due under the notes and the judgment or order being expressed and paid in a currency other than the applicable specified currency.