*The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Securities Clearing Company Limited ("**HKSCC**") take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.*

*This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Rules**") and is published for the purpose of giving information with regard to us and obtaining a listing of the CBBCs on the Stock Exchange. We accept full responsibility for the accuracy of the information contained in the Listing Documents (as defined below) and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement in such Listing Documents misleading.*

Investors are warned that the price of the CBBCs may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the CBBCs and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the CBBCs.

The CBBCs constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the CBBCs, you are relying upon our creditworthiness and have no rights under the CBBCs against the index compiler of the Index.

Supplemental Listing Document for Callable Bull/Bear Contracts ("CBBCs")
issued by

UBS

UBS AG

(incorporated with limited liability in Switzerland)

acting through its London Branch

Sponsor

UBS SECURITIES ASIA LIMITED

Key terms

CBBCs	**Series 1**	**Series 2**	**Series 3**
Stock code	31038	31040	31042
Issue size	500,000,000 CBBCs	500,000,000 CBBCs	500,000,000 CBBCs
Style/ Category (for all series)	European style cash settled. Category R		
Type	Bull	Bull	Bear
Index	Hang Seng China Enterprises Index	Hang Seng China Enterprises Index	Hang Seng China Enterprises Index
Board Lot	10,000 CBBCs	10,000 CBBCs	10,000 CBBCs
Issue Price per CBBC	HK$0.250	HK$0.250	HK$0.250
Funding Cost as of the Launch Date◆	HK$0.1720	HK$0.1257	HK$0.1975
Strike Level	10,000.00	10,300.00	11,800.00
Call Level	11,000.00	11,000.00	11,000.00
Cash Settlement Amount per Board Lot (if any) payable at expiry	Subject to no occurrence of a Mandatory Call Event (see the section "Overview of CBBCs" in this document for further details), you will receive a Cash Settlement Amount (if positive) calculated as follows for each Board Lot: *In respect of a series of callable bull contracts:* $\frac{\text{(Closing Level - Strike Level) x one Board Lot x Index Currency Amount}}{\text{Divisor}}$ *In respect of a series of callable bear contracts:* $\frac{\text{(Strike Level - Closing Level) x one Board Lot x Index Currency Amount}}{\text{Divisor}}$		
Closing Level (for all series)	The average of quotations of the Index compiled, computed and disseminated by the Index Compiler taken at (i) five minute intervals from five minutes after the start of, and up to five minutes before the end of, the continuous trading session of the Stock Exchange, and (ii) the close of trading on the Stock Exchange on the Valuation Date, rounded down to the nearest whole number, subject to our right to determine the closing level in good faith upon the occurrence of a Market Disruption Event on the Valuation Date, as described further in Condition 4(G).		
Divisor	15,000	7,000	12,000
Index Currency Amount	HK$1.00	HK$1.00	HK$1.00
Launch Date (for all series)	18 August 2008		
Issue Date (for all series)	22 August 2008		
Listing date*(for all series)	Expected to be 25 August 2008 ("**Dealing Commencement Date**")		
Observation Commencement Date (for all series)	25 August 2008		
Valuation Date/ Expiry Date#	30 March 2009	30 March 2009	30 March 2009

◆ The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Level x funding rate x n/ 365 x Index Currency Amount}}{\text{Divisor}}$$

Where,

(i) "n" is the number of days remaining to expiration; initially, "n" is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and

(ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the "Risk factor" section in this document. As of the Launch Date, the funding rates were 41.4846% for Series 1, 13.7361% for Series 2 and 32.2949% for Series 3.

* if the day specified is not a trading day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions ("**Trading Day**"), the immediately succeeding Trading Day.

if the day specified is not a day on which the Index Exchange is scheduled to be open for trading for its regular trading sessions ("**Index Business Day**"), the immediately succeeding Index Business Day.

You must read the above together with our base listing document dated 18 April 2008, in particular, Part B entitled "Terms and Conditions of Cash Settled Callable Bull/Bear Contracts over an Index" set out in Appendix 2 of our base listing document ("**Conditions**").

22 August 2008

IMPORTANT INFORMATION

What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire the CBBCs. It is possible that there may have been dealings in the CBBCs since the Launch Date.

What documents should I read before investing in the CBBCs?

You must read this document together with our base listing document dated 18 April 2008 (as supplemented by an addendum dated 23 May 2008 (the "**Addendum**") and any addenda to be issued from time to time) (together, the "**Listing Documents**"). The Listing Documents are accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents.

What are our credit ratings?

Our long term debt ratings are:

Rating agency	*Rating as of the Launch Date*
Moody's Investors Service, Inc., New York	Aa2
Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies Inc	AA-
Fitch Ratings Ltd., London	AA-

Are we regulated by any bodies referred to in Rule 15A.13(2) or (3)?

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also regulated by, among others, the Swiss Federal Banking Commission and the Financial Services Authority of United Kingdom.

Are we subject to any litigation?

Save as disclosed in the Listing Documents, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

Authorisation of the CBBCs

The issue of the CBBCs was authorised by our board of directors on 19 September 2001.

Has our financial position changed since last financial year-end?

As reflected in the section headed "Financial Statement" in our second quarter 2008 "Financial Reporting" document, we incurred in the half year a net loss attributable to shareholders of approximately CHF 11.9 billion. We announced on 12 August 2008 the completion of a fully underwritten rights offering with net proceeds of approximately CHF 15.6 billion and the reclass of the mandatory convertible notes which were issued by us on 5 March 2008 from liability to share premium of approximately CHF 12.4 billion. Apart from the above-mentioned, there has been no material adverse change in our financial or trading position since 31 December 2007.

Do I need to pay any transaction cost?

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission charges a transaction levy of 0.004 per cent. in respect of each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the CBBCs. The levy for the investor compensation fund is currently suspended. You do not need to pay any stamp duty in respect of the CBBCs.

Where can I inspect the relevant documents?

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) until the Expiry Date at the offices of UBS Securities Asia Limited:

(a) our 2007 annual report for the period ended 31 December 2007 and our second quarter 2008 financial report for the quarterly period ended 30 June 2008;

(b) consent letter of the Auditors;

(c) each of the Listing Documents (in separate English and Chinese versions); and

(d) the instrument executed by us on 10 April 2006.

The Listing Documents are also available on the website of the Stock Exchange at *www.hkex.com.hk*.

各上市文件亦可於聯交所網站 (www.hkex.com.hk) 瀏覽。

Have the auditors consented to the inclusion of their report to the Listing Documents?

Our auditors ("**Auditors**") have given and have not withdrawn their written consent to the inclusion of their report dated 6 March 2008 (except for the retroactive implementation of the revised IFRS 2 standard, as described in note 1(c) and the reclassification of a private equity investment as a discontinued operation subsequent to its sale in 2008, as described in note 36, as to which the date is 14 April 2008) in the Addendum and/or the references to their name in the Listing Document, in the form and context in which they are included. Their report was not prepared exclusively for incorporation into the Addendum. The Auditors do not have our shares or shares in our subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any of its subsidiaries.

Selling restrictions

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

The offer or transfer of the CBBCs is also subject to the selling restrictions specified in our base listing document.

How can I get information about UBS AG?

You may visit *www.ubs.com* to obtain information about us.

You must read the section headed "Additional information relating to us" which contains further information relating to us after the date of our base listing document. That section supplements the information set out in our base listing document.

Capitalised terms and inconsistency

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. Terms used in this document apply to each series of CBBCs described on the cover page.

If this document is inconsistent with our base listing document, this document prevails.

OVERVIEW OF CBBCS

What are callable bull/bear contracts?

Callable bull/bear contracts are a type of structured products that track the performance of an underlying asset. Subject to any early termination triggered by the mandatory call feature described below, it gives you a right to a cash amount called the Cash Settlement Amount at expiry determined by reference to a pre-set level called the Strike Level on the Valuation Date.

The trading price of every Board Lot of the CBBCs tends to mirror the movement in the level of the Index in dollar value. For example, if the level of the Index increases by 100 points, the trading price of every Board Lot of the CBBCs generally increases (in respect of a series of callable bull contracts) or decreases (in respect of a series of callable bear contracts) by an amount equal to:

$$\frac{\text{100 points x one Board Lot x the Index Currency Amount}}{\text{Divisor}}$$

Similar to derivative warrants, callable bull/bear contracts may provide leveraged return to you (but conversely, it could also magnify your losses).

How do the CBBCs work?

The CBBCs are issued as callable bull contracts (for Series 1 and 2) and callable bear contracts (for Series 3).

Callable bull contracts are designed for investors who have an optimistic view on the Index.

Callable bear contracts are designed for investors who have a pessimistic view on the Index.

The CBBCs are "European Style" and, subject to no occurrence of a Mandatory Call Event (see "What is the mandatory call feature?" below), the CBBCs are only exercisable on the Expiry Date by payment of a Cash Settlement Amount (if any) less the Exercise Expenses on the Settlement Date.

The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Level and the Strike Level. If on the Expiry Date, the Cash Settlement Amount is zero or a negative amount, you will lose all of your investments in the CBBCs.

The CBBCs will be issued as Category R. See "Category R or Category N?" below for details about your entitlement following the occurrence of a Mandatory Call Event.

What is the mandatory call feature?

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs during the Observation Period.

The Observation Period commences from the Observation Commencement Date to the Trading Day immediately preceding the Expiry Date (both dates inclusive).

A Mandatory Call Event occurs if the Spot Level is at or below (in respect of a series of callable bull contracts) or at or above (in respect of a series of callable bear contracts) the Call Level at any time during an Index Business Day in the Observation Period.

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, all Post MCE Trades (as defined in the paragraph headed "Mandatory Call Event" under the section headed "Other Key Terms, Liquidity and Settlement" on page 6 of this document) will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to the time the relevant Index level is published by the Index Compiler.

Category R or Category N?

The CBBCs are Category R as the Call Level is different from the Strike Level. You may receive a cash payment called the Residual Value upon the occurrence of a Mandatory Call Event. The Residual Value payable (if any) is calculated by reference to the difference of the Minimum Index Level and the Strike Level (in respect of a series of callable bull contracts) or the Strike Level and the Maximum Index Level (in respect of a series of callable bear contracts). If the Residual Value is zero or a negative number, you will lose all of your investment.

See "Residual Value" in the section headed "Other Key Terms, Liquidity and Settlement" for calculation of the Residual Value.

What are the factors determining the price of the CBBCs?

Throughout the term of the CBBCs, the price of the CBBCs will be influenced by a number of factors, including:

- the Strike Level and the Call Level;
- the likelihood of the occurrence of a Mandatory Call Event;
- the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- the time remaining to expiry;
- any change(s) in interim interest rates;
- expected dividend payments or other distribution on any components comprising the Index;
- the supply and demand for the CBBCs;
- the probable range of the Cash Settlement Amounts;
- the depth of the market or liquidity of future contracts relating to the Index;
- any related transaction cost; and
- our creditworthiness.

What is your maximum loss?

Your maximum potential loss in a CBBCs is limited to the purchase price for the CBBCs plus the cost involved in such purchase.

Can you sell the CBBCs before maturity?

Yes. We have made an application for the listing of, and permission to deal in, the CBBCs on the Stock Exchange. All necessary arrangements have been made to enable the CBBCs to be admitted into the Central Clearing and Settlement System ("**CCASS**"). Issue of the CBBCs is conditional upon listing being granted. From the Dealing Commencement Date, you may sell or buy the CBBCs on the Stock Exchange.

The Liquidity Provider will make a market in the CBBCs by providing bid and/or sell prices. See "Liquidity" on page 7 for further information.

How can you get information about the CBBCs and the Index after issue?

You may visit the Stock Exchange website at *www.hkex.com.hk/prod/cbbc/intro.htm* to obtain any information on the CBBCs or any notice given by us or the Stock Exchange in relation to the CBBCs. You may obtain updated information on the Index by visiting the website at *www.hsi.com.hk*.

INFORMATION ON THE INDEX

Description of the Index	The Index tracks the performance of H-shares companies that are included in the Hang Seng Composite Index
Constituent stocks of the Index	The Index is reviewed half-yearly at the same time as the Hang Seng Composite Index. H-shares companies joining or leaving the Hang Seng Composite Index are automatically included in or excluded from the Index. An updated list of the constituent stocks comprising the Index is available at http://www.hsi.com.hk.
Index Compiler	Hang Seng Indexes Company Limited. The Index is managed and complied by the Index Compiler, which is a wholly-owned subsidiary of Hang Seng Bank Limited.
Calculation methodology	The Index Compiler has adopted a freefloat-adjusted market capitalisation weighting with a cap of 15% for the H-share portion of each constituent company for calculation of the Index level in accordance with the following formula:

$$\text{Current Index} = \frac{\sum (P_t \text{ x IS x FAF x CF})}{\sum(P_{t-1} \text{ x IS x FAF x CF})} \text{ X Yesterday's Closing Index}$$

P_t	:	Current Price at Day t
P_{t-1}	:	Closing Price at Day (t-1)
IS	:	Issued Shares
FAF	:	Freefloat-adjusted Factor, which is between 0 and 1, adjusted every six months
CF	:	Cap Factor, which is between 0 and 1, adjusted every six months

An updated list of FAF and CF for each H-share is set out in the website at http://www.hsi.com.hk.

Dissemination of the Index level	The Index level is disseminated through the website of the Index Compiler at http://www.hsi.com.hk and various information vendors. You should contact your stockbroker for further information.
Arrangements if the Index is not published by the Index Compiler	Under the licence granted by Hang Seng Data Services Limited for our use of the Index, if the Index Compiler ceases to calculate and publish the Index, the Index Compiler shall inform us as soon as practicable specifying whether or not a replacement or substitute index will be available, in which case, we shall have the right to use such replacement or substitute index in connection with the CBBCs. If the Index Compiler does not offer any replacement or substitute index, we will have an option either to terminate the use of the Index or continue to use the formula of the Index and its constituent stocks existing immediately prior to such cessation for the sole purpose of calculating the Cash Settlement Amount and any related value of the CBBCs

Historic highs or lows of the Index for the last 5 years

Year	*Highest closing level*	*Lowest closing level*
2003	5,020.18	2,007.53
2004	5,391.28	3,546.25
2005	5,539.39	4,501.61
2006	10,363.28	5,412.99
2007	20,400.07	8,528.46
2008 (as at the Launch Date)	16,139.46	10,836.20

Closing level of the Index	According to the information published on the Index Compiler's website, the closing level of the Index as at the close of business on the Launch Date (the latest most practicable date prior to the date of this document) was 10,966.37.

Index disclaimer

The Index is published and compiled by the Index Compiler pursuant to a licence from Hang Seng Data Services Limited. The mark and name Hang Seng China Enterprises Index are proprietary to Hang Seng Data Services Limited. The Index Compiler and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by UBS AG in connection with the CBBCs (the "**Product**"), **BUT NEITHER THE INDEX COMPILER NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Index Compiler without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE INDEX COMPILER OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY UBS AG IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF THE INDEX COMPILER IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST THE INDEX COMPILER AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on the Index Compiler and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and the Index Compiler and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

OTHER KEY TERMS, LIQUIDITY AND SETTLEMENT

You must read this summary together with our base listing document, in particular, the Conditions.

Summary of other key terms	
Mandatory Call Event	A Mandatory Call Event occurs when the Spot Level of the Index on any Index Business Day during the period commencing from and including the Observation Commencement Date and ending on and including the close of the Trading Day (Hong Kong time) immediately preceding the Expiry Date ("**Observation Period**") is at or below (in respect of a series of callable bull contracts) or at or above (in respect of a series of callable bear contracts) the Call Level. "**Spot Level**" means the spot level of the Index as compiled and published by the Index Compiler. Subject the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs, and you may receive a Cash Settlement Amount (if any). If the Cash Settlement Amount is less than or equal to zero, you will lose all your value of investment in the CBBCs. Subject to such modification and amendment prescribed by the Stock Exchange from time to time, all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event, and in the case where the Mandatory Call Event occurs during a pre-opening session or a closing auction session, all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session ("**Post MCE Trades**"), will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.
Cash Settlement Amount upon occurrence of a Mandatory Call Event	You may receive the Residual Value (see the formula below for calculation of the Residual Value) provided that we may, at our sole and absolute discretion, pay an amount higher than the Residual Value. In such circumstances, we will take into account a number of factors including but not limited to the residual Funding Cost. As the funding rate and hence the Funding Cost may fluctuate throughout the term of the CBBCs, the potential Residual Value of the CBBCs payable upon the occurrence of a Mandatory Call Event may also be affected by such fluctuation.
Residual Value	*In respect of a series of callable bull contracts:* $$\text{Residual Value per Board Lot} = \frac{\text{(Minimum Index Level - Strike Level) x one Board Lot x Index Currency Amount}}{\text{Divisor}}$$ Where: "**Minimum Index Level**" means the lowest Spot Level of the Index during the MCE Valuation Period; and "**MCE Valuation Period**" means, subject to potential extension (as described in further details in the Conditions), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Index Exchange. *In respect of a series of callable bear contracts:* $$\text{Residual Value per Board Lot} = \frac{\text{(Strike Level - Maximum Index Level) x one Board Lot x Index Currency Amount}}{\text{Divisor}}$$ Where: "**Maximum Index Level**" means the highest Spot Level of the Index during the MCE Valuation Period; and "**MCE Valuation Period**" means, subject to potential extension (as described in further details in the Conditions), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Index Exchange.

Form of the CBBCs	Each series of the CBBCs will be represented by a global certificate in the name of HKSCC Nominees Limited. We will not issue definitive certificates for the CBBCs. You may arrange for your broker to hold the CBBCs in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the CBBCs to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the CBBCs.
Index Exchange	The Stock Exchange of Hong Kong Limited
Exchange Rate	Not applicable
First Exchange Rate	Not applicable
Interim Currency	Not applicable
Second Exchange Rate	Not applicable
Settlement Currency	The CBBCs will be settled in Hong Kong Dollars.
Listing of CBBCs	The Stock Exchange has agreed in principle to the listing of the CBBCs. No application has been made to list the CBBCs on any other exchange.

Liquidity

Liquidity Provider	UBS Securities Hong Kong Limited (broker ID number 9563). The Liquidity Provider is our affiliate and is regulated by the Stock Exchange and the Securities and Futures Commission. It will act as our agent in providing quotes.
Quotes	You can request a quote by calling the Liquidity Provider at: telephone number: + 852 2971 6628. The Liquidity Provider will respond within five minutes and the quote will be displayed on the Stock Exchange's designated stock page for the CBBCs.
Maximum spread between bid and offer prices	25.
Factors for determining the bid and offer prices	The Liquidity Provider will consider factors, including, without limitation, the Call Level, the Strike Level, the prevailing level of the Index, the volatility of the Index, prevailing interest rates, the dividend yield of any securities comprising the Index, the time left to the expiry of the CBBCs, the expected life of the CBBCs and the funding cost.
Minimum quantity for which liquidity will be provided	10 Board Lots
Circumstances under which the Liquidity Provider may not be able to, and shall not be obliged to, provide liquidity	(i) upon the occurrence of a Mandatory Call Event; (ii) during the first five minutes of each morning trading session or the first five minutes after trading commences for the first time on any trading day; (iii) during a pre-opening session or a closing auction session, or any other circumstances as may be prescribed by the Stock Exchange from time to time; (iv) when the CBBCs are suspended from trading for any reason; (v) when there are no CBBCs available for market making, in which event, only a bid price will be available. CBBCs held by us or any of our affiliates in a fiduciary or agency capacity are not CBBCs available for market making; (vi) on the Expiry Date; (vii) when operational and technical problems affecting the market making activities arise; (viii) if the stock market experiences exceptional price movement and volatility; (ix) if a market disruption event occurs; (x) when the ability of the Liquidity Provider acting on our behalf to source a hedge or unwind an existing hedge is materially affected by the prevailing market condition; and (xi) if the theoretical value of the CBBCs is less than HK$0.01.

Settlement	
Settlement date upon a transfer	The CBBCs may only be transferred in a Board Lot (or integral multiples thereof) in accordance with the CCASS Rules. Where a transfer of CBBCs takes place on the Stock Exchange, settlement must currently be made not later than two trading days. Hong Kong stamp duty is not chargeable upon the transfer of CBBCs whether pursuant to dealings on the Stock Exchange or otherwise.
Early termination and exercise	Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and, subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, all the Post MCE Trades will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange. Subject to early termination upon the occurrence of a Mandatory Call Event, the CBBCs will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive; otherwise, you will lose all of your investment. We will deliver the Cash Settlement Amount (if any) net of any Exercise Expenses to HKSCC Nominees Limited, which will then distribute the received Cash Settlement Amount to the securities account of your broker or to your CCASS Investor Participant securities account (as the case may be).
Exercise Expenses	You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable. We are irrevocably authorised by the holder of the CBBCs to deduct all Exercise Expenses from the Cash Settlement Amount.
Settlement Date upon automatic exercise at expiry	Within 3 Business Days after the MCE Valuation Period or the Expiry Date, as the case may be.

RISK FACTORS

You must read these risk factors together with the "Risk Factors" set out in our base listing document.

You may lose all your investment in the CBBCs

The price of the CBBCs may fall in value as rapidly as it may rise and you should be prepared to sustain a significant or total loss of the purchase price of the CBBCs. In particular, if the Cash Settlement Amount payable at expiry or the Residual Value payable upon the occurrence of a Mandatory Call Event is less than or equal to zero, you will lose all of your investment in the CBBCs.

Mandatory Call Event is irrevocable

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

(i) report of system malfunction or other technical errors of HKEx (such as the setting up of wrong Call Level and other parameters) by the Stock Exchange to us; or

(ii) report of manifest errors caused by the relevant third party price source where applicable by us to the Stock Exchange,

and we agree with the Stock Exchange that such Mandatory Call Event is to be revoked provided that such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs ("**Day of Notification**").

In such case, the Mandatory Call Event so triggered will be reversed and all trades cancelled (if any) will be reinstated and the trading of the CBBCs will only resume on the Day of Notification.

Delay in Mandatory Call Event notification

We will notify the market as soon as practicable after the CBBCs have been called. You should be aware that there may be a delay in the announcement of a Mandatory Call Event due to technical errors, system failures and other factors that are beyond the control of the Stock Exchange and us.

Non-Recognition of Post MCE Trades

The Stock Exchange and its recognised exchange controller, HKEx, will not incur any liability (whether based on contract, tort, (including, without limitation, negligences), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEx) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading ("**Trading Suspension**") or the non-recognition of trades after a Mandatory Call Event ("**Non-Recognition of Post MCE Trades**"), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

Fluctuation in the Funding Cost

The Issue Price of the CBBCs is set by reference to the difference between the initial reference spot level of the Index and the Strike Level, plus the applicable Funding Cost. The initial Funding Cost applicable to the CBBCs is specified on the cover page. It will fluctuate throughout the life of the CBBCs as the funding rate changes from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Level, the prevailing interest rate, the expected life of the CBBCs, any expected notional dividends in respect of any securities comprising the Index and the margin financing provided by us.

The CBBCs can be volatile

Although the price of the CBBCs tends to follow closely with the level of the Index, in some situations, the price of the CBBCs may not track the level of the Index. You should carefully consider, among other things, the factors set out in the section headed "Overview of CBBCs" in this document before dealing in the CBBCs.

You should note that when the Spot Level of the Index is close to the Call Level, the trading price of the CBBCs will be more volatile which may not be comparable and may be disproportionate with the change in the Index level.

Our hedging activities

Our trading and/or hedging activities or our related parties related to the CBBCs and/or other financial instruments issued by us from time to time may have an impact on the Index level and may trigger a Mandatory Call Event.

In particular, when the Index level is close to the Call Level, our unwinding activities in relation to the Index may cause a fall or rise (as the case may be) in the Index level leading to a Mandatory Call Event as a result of such unwinding activities.

Before the occurrence of a Mandatory Call Event, we or our related party can unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from the market from time to time. Upon the occurrence of a Mandatory Call Event, we or our related party can unwind any hedging transactions relating to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the Index level and consequently the Residual Value for the CBBCs.

Adjustment related risk

The occurrence of certain events (including, without limitation, succession of the Index or Index Compiler, modification and cessation of calculation of the Index) may entitle us to adjust the Conditions. However, we are not obliged to adjust the Conditions for every event that affects the Index. Any adjustment or decision not to make any adjustment may adversely affect the value of the CBBCs. See Condition 6 for details about such adjustments.

Possible limited secondary market

The Liquidity Provider may be the only market participant for the CBBCs and therefore the secondary market for the CBBCs may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the CBBCs prior to expiry.

Change of calculation methodology or failure to publish the Index

If there is a material change in the calculation of the Index level or a failure to publish the Index level, we may determine the Index level on the basis of the method last in effect prior to such change or failure.

Publication of Index level when component shares are not trading

The Index Compiler may publish the Index level at a time when one or more shares comprising the Index are not trading.

ADDITIONAL INFORMATION RELATING TO US

A Our media release

We published a media release regarding our performance in the second quarter 2008 (our "**Media Release**") on 12 August 2008. You may visit our website at http://www.ubs.com/1/e/about/news.html?newsId=148469 to access our Media Release.

We set out below an extract of the text of our Media Release:

"UBS reports second quarter loss of CHF 358 million

Second quarter 2008

- Second quarter Group net loss attributable to shareholders of CHF 358 million
- Net new money outflows in the two wealth management businesses of CHF 17.3 billion; Business Banking Switzerland had additional net outflows of CHF 2.0 billion; and Global Asset Management had net outflows of CHF 24.5 billion

Risk positions

- Results were impacted by realized and unrealized losses of USD 5.1 billion on legacy risk positions, mainly on exposures related to US residential real estate related securities and other credit positions
- Decisive action taken to reduce exposures to significant risk concentrations, specifically through sales during the quarter, the largest of which was the sale of US residential mortgage-backed securities to a fund managed by BlackRock

Auction rate securities

- Provision of USD 900 million (CHF 919 million) associated with the comprehensive settlement related to auction rate securities

Capital and balance sheet strengthening

- Successful completion of rights issue in June 2008, with 99.4% of shares taken up by existing and new shareholders
- Lower level of risk-weighted assets resulting from risk and balance sheet reduction
- Capital ratio rebuilt to the very strong levels UBS had prior to the outbreak of the credit crisis. Tier 1 ratio of 11.6% and total capital adequacy ratio of 15.7%, among the highest in the global banking industry

Cost reduction

- Total operating expenses down by 18% compared with second quarter 2007 to CHF8,110 million, despite USD 900 million (CHF 919 million) auction rate securities provision
- Personnel numbers reduced to 81,452 on 30 June 2008, down by 2,387 from 31 March 2008 with most of the reduction in the Investment Bank

Outlook

- In the second half of this year, UBS does not expect to see any improvement in the adverse economic and financial market trends that affected this quarter's results. UBS will continue its program to reduce personnel levels, costs and risk"

B Our second quarter 2008 financial report

We released our second quarter 2008 financial report for the quarterly period ended on 30 June 2008 (our "**Second Quarter 2008 Financial Report**") on 12 August 2008. You may visit our website at http://www.ubs.com/1/e/investors/quarterly_reporting.html to access our Second Quarter 2008 Financial Report.

The information set out under this paragraph has been extracted without adjustment from our Second Quarter 2008 Financial Report. Page references under this paragraph refer to pages in such report.

Financial statements

Income statement (unaudited)

		Quarter ended			% change from		Year-to-date	
CHF million, except per share data	Note	**30.6.08**	31.3.08	30.6.07	1Q08	2Q07	30.6.08	30.6.07
Continuing operations								
Interest income	3	**17,530**	20,222	29,011	(13)	(40)	37,752	54,953
Interest expense	3	**(16,294)**	(18,543)	(28,182)	(12)	(42)	(34,837)	(52,816)
Net interest income	3	**1,236**	1,679	829	(26)	49	2,915	2,137
Credit loss (expense) / recovery		**(19)**	(311)	14	(94)		(329)	15
Net interest income after credit loss expense		**1,217**	1,368	843	(11)	44	2,586	2,152
Net fee and commission income	4	**6,221**	6,215	7,846	0	(21)	12,436	15,110
Net trading income	3	**(3,543)**	(11,643)	4,374	70		(15,186)	9,041
Other income	5	**125**	108	2,951	16	(96)	233	3,197
Total operating income		**4,021**	(3,952)	16,014		(75)	69	29,500
Personnel expenses	6	**4,612**	5,274	7,253	(13)	(36)	9,887	14,347
General and administrative expenses	7	**2,831**	2,243	2,270	26	25	5,074	4,172
Depreciation of property and equipment		**277**	281	322	(1)	(14)	558	622
Impairment of goodwill		**341**	0	0			341	0
Amortization of intangible assets		**49**	49	64	0	(23)	98	148
Total operating expenses		**8,110**	7,847	9,909	3	(18)	15,957	19,289
Operating profit from continuing operations before tax		**(4,089)**	(11,799)	6,105	65		(15,889)	10,211
Tax expense		**(3,829)**	(297)	676			(4,126)	1,597
Net profit from continuing operations		**(260)**	(11,502)	5,429	98		(11,763)	8,614
Discontinued operations								
Profit from discontinued operations before tax		**59**	120	7	(51)	743	179	13
Tax expense		**1**	0	(260)			1	(262)
Net profit from discontinued operations		**58**	120	267	(52)	(78)	178	275
Net profit		**(202)**	(11,382)	5,696	98		(11,584)	8,889
Net profit attributable to minority interests		**156**	153	149	2	5	309	311
from continuing operations		**155**	107	149	45	4	262	311
from discontinued operations		**1**	46	0	(98)		47	0
Net profit attributable to UBS shareholders		**(358)**	(11,535)	5,547	97		(11,893)	8,578
from continuing operations		**(415)**	(11,609)	5,280	96		(12,025)	8,303
from discontinued operations		**57**	74	267	(23)	(79)	132	275
Earnings per share								
Basic earnings per share (CHF)	8	**(0.14)**	(5.22)	2.55	97		(4.95)	3.94
from continuing operations		**(0.16)**	(5.25)	2.42	97		(5.01)	3.81
from discontinued operations		**0.02**	0.03	0.12	(33)	(83)	0.05	0.13
Diluted earnings per share (CHF)	8	**(0.14)**	(5.23)	2.48	97		(4.97)	3.82
from continuing operations		**(0.17)**	(5.26)	2.36	97		(5.02)	3.70
from discontinued operations		**0.02**	0.03	0.12	(33)	(83)	0.05	0.12

Balance sheet (unaudited)

				% change from
CHF million	**30.6.08**	31.3.08	31.12.07	31.12.07
Assets				
Cash and balances with central banks	**16,397**	19,352	18,793	(13)
Due from banks	**56,459**	63,740	60,907	(7)
Cash collateral on securities borrowed	**159,101**	172,134	207,063	(23)
Reverse repurchase agreements	**409,867**	397,911	376,928	9
Trading portfolio assets	**422,047**	461,088	610,061	(31)
Trading portfolio assets pledged as collateral	**113,605**	156,345	164,311	(31)
Positive replacement values	**495,442**	572,864	428,217	16
Financial assets designated at fair value	**11,683**	10,224	11,765	(1)
Loans	**340,362**	323,444	335,864	1
Financial investments available-for-sale	**4,377**	4,254	4,966	(12)
Accrued income and prepaid expenses	**9,281**	9,463	11,953	(22)
Investments in associates	**1,366**	1,408	1,979	(31)
Property and equipment	**7,366**	6,904	7,234	2
Goodwill and intangible assets	**13,335**	13,160	14,538	(8)
Other assets	**16,947**	18,728	18,189	(7)
Total assets	**2,077,635**	2,231,019	2,272,768	(9)
Liabilities				
Due to banks	**123,889**	144,587	145,762	(15)
Cash collateral on securities lent	**25,709**	25,295	31,621	(19)
Repurchase agreements	**237,525**	271,729	305,887	(22)
Trading portfolio liabilities	**144,344**	166,588	164,788	(12)
Negative replacement values	**503,982**	573,101	443,539	14
Financial liabilities designated at fair value	**161,109**	160,356	191,853	(16)
Due to customers	**556,223**	567,023	641,892	(13)
Accrued expenses and deferred income	**14,022**	14,324	22,150	(37)
Debt issued	**207,358**	234,037	222,077	(7)
Other liabilities	**51,180**	51,283	61,029	(16)
Total liabilities	**2,025,341**	2,208,323	2,230,598	(9)
Equity				
Share capital	**293**	207	207	42
Share premium	**30,991**	3,327	12,433	149
Net income recognized directly in equity, net of tax	**(3,567)**	(3,552)	(1,161)	(207)
Revaluation reserve from step acquisitions, net of tax	**38**	38	38	0
Retained earnings	**22,230**	22,604	34,139	(35)
Equity classified as obligation to purchase own shares	**(85)**	(94)	(74)	(15)
Treasury shares	**(5,617)**	(6,144)	(10,363)	46
Equity attributable to UBS shareholders	**44,283**	16,386	35,219	26
Equity attributable to minority interests	**8,011**	6,310	6,951	15
Total equity	**52,294**	22,696	42,170	24
Total liabilities and equity	**2,077,635**	2,231,019	2,272,768	(9)

C Updated information relating to us

We set out below the updated information relating to us which replaces the information set out in the section headed "Information in relation to us" on pages 13 to 20 of our base listing document (as supplemented by the Addendum dated 23 May 2008).

1. Overview

UBS AG (with its subsidiaries, "UBS AG" or "UBS" or the "Issuer") is, according to its own opinion, one of the world's leading financial firms, serving a discerning international client base. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses. UBS is, according to its own opinion, the leading global wealth manager, a leading investment banking and securities firm with a strong institutional and corporate client franchise, one of the largest global asset managers and the market leader in Swiss commercial and retail banking. On 31 March 2008, UBS employed more than 80,000 people. With headquarters in Zurich and Basel, Switzerland, UBS operates in over 50 countries and from all major international centers.

UBS is, according to its own opinion, one of the best-capitalised financial institutions in the world. On 31 March 2008 the BIS Tier1[1] ratio was 6.9 per cent[2], invested assets stood at CHF 2,759 billion, equity attributable to UBS shareholders was CHF 16,386 million and market capitalisation was CHF 59,843 million.

The rating agencies Standard & Poor's Inc. ("Standard & Poor's"), Fitch Ratings ("Fitch") and Moody's Investors Service Inc. ("Moody's") have assessed the creditworthiness of UBS, i.e. the ability of UBS to fulfil payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing, in a timely manner. The ratings from Fitch and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. Standard & Poor's currently rates UBS's creditworthiness with AA-, Fitch with AA- and Moody's with Aa2[3].

2. Corporate Information

The legal and commercial name of the company is UBS AG. The company was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the company changed its name to UBS AG. The company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CH-270.3.004.646-4.

UBS AG is incorporated and domiciled in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.

The addresses and telephone numbers of UBS's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41-44-234 11 11; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41-61-288 20 20.

UBS shares are listed on the SWX Swiss Exchange and traded through SWX Europe which is majority owned by the SWX Swiss Exchange. They are also listed on the New York Stock Exchange and on the Tokyo Stock Exchange.

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[1] Tier 1 capital comprises share capital, share premium, retained earnings including current year profit, foreign currency translation and minority interests less accrued dividends, net long positions in own shares and goodwill.

[2] On 4 July 2008, UBS announced that it expects its Tier 1 capital ratio to be approximately 11.5 per cent at the end of the second quarter 2008.

[3] On 4 July 2008, Moody's Investors Service downgraded the senior debt and deposit ratings of UBS AG from Aa1 to Aa2.

According to Article 2 of the Articles of Association of UBS AG ("Articles of Association") the purpose of UBS is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, service and trading activities in Switzerland and abroad.

3. Business Overview

3.1 Business Groups and Corporate Center

UBS is managed through three Business Groups and its Corporate Center, each of which is described below. A full description of their strategies, structure, organisation, products, services and markets can be found in the Annual Report 2007 of UBS AG, 1 Strategy, Performance and Responsibility, in the English version on pages 85-152 (inclusive).

3.1.1 Global Wealth Management & Business Banking

With almost 150 years of experience, the global wealth management business provides a comprehensive range of products and services, individually tailored for wealthy clients around the world. UBS’s client advisors provide a full range of wealth management services to clients - from asset management to estate planning and from corporate finance advice to art banking. In the US, the business is, according to UBS's own opinion, one of the leading wealth managers. Business Banking Switzerland is, according to UBS's own opinion, the market leader in Switzerland, providing a complete set of banking and securities services for individual and corporate clients.

3.1.2 Global Asset Management

The Global Asset Management business is, according to UBS's own opinion, one of the world's leading investment managers, providing traditional and alternative and real estate investment solutions to private, institutional and corporate clients, and through financial intermediaries. It is, according to UBS's own opinion, one of the largest global institutional asset managers and the largest hedge fund of funds manager in the world. It is also, according to UBS's own opinion, one of the largest mutual fund managers in Europe and the largest in Switzerland.

3.1.3 Investment Bank

UBS's Investment Bank is, according to UBS's own opinion, one of the world's leading investment banking and securities firms, providing a full range of products and services to corporate and institutional clients, governments, financial intermediaries and alternative asset managers. Its investment bankers, salespeople and research analysts, supported by its risk and logistics teams, deliver advice and execution to clients all over the world. The Investment Bank also works with financial sponsors and hedge funds and indirectly meets the needs of private investors through both UBS's own wealth management business and through other private banks.

3.1.4 Corporate Center

Corporate Center creates value for shareholders and stakeholders by partnering with the Business Groups to ensure that the firm operates as an effective and integrated whole with a common vision and set of values. It helps UBS's businesses grow sustainably through its risk, financial control, treasury, communication, legal and compliance, human resources, strategy, offshoring and technology functions. On 1 January 2008, UBS’s private equity portfolio (formerly held by Industrial Holdings) was integrated into Corporate Center. The strategy for the portfolio remains the same as it was prior to integration: to de-emphasize and reduce exposure to this asset class while capitalizing on orderly exit opportunities as they arise.

3.2 Organisational Structure of the Issuer

The objective of UBS's group structure is to support the business activities of the Company within an efficient legal, tax, supervisory and financial framework. Neither the individual Business Groups of UBS, Global Wealth Management & Business Banking, Global Asset Management, Investment Bank, nor the Corporate Center (the "Business Groups") are legally independent entities; instead, they perform their activities through the domestic and foreign offices of the parent bank, UBS AG.

Settlement of transactions through the parent bank allows UBS to fully exploit the advantages generated for all Business Groups through the use of a single legal entity. In cases where it is impossible or inefficient to process transactions via the parent, due to local statutory, tax or supervisory provisions or newly acquired companies, these tasks are performed on location by legally independent group companies. The major subsidiaries are listed in the Annual Report 2007 of UBS AG, 4 Financial Statements, in English, on pages 96-99 (inclusive).

3.3 Competition

UBS faces stiff competition in all business areas. Both in Switzerland and abroad, the Bank competes with asset management companies, commercial, investment and private banks, brokerages and other financial services providers. Competitors include not only local banks, but also global financial institutions, which are similar to UBS in terms of both size and services offered.

In addition, the consolidation trend in the global financial services sector is introducing new competition, which may have a greater impact on prices, as a result of an expanded range of products and services and increased access to capital and growing efficiency.

3.4 Recent Developments

- On 23 April 2008, at UBS's annual general meeting, the shareholders of UBS AG approved a capital increase relating to a fully underwritten rights issue. On 22 May 2008 UBS announced the final terms of said rights issue: UBS's Board of Directors approved an increase in the share capital of UBS AG through the issue of 760,295,181 fully paid-in registered shares with a par value of CHF 0.10. The subscription price for the new shares was set at CHF 21.00 per new share, translating into gross proceeds of approximately CHF 15.97 billion. UBS announced the successful completion of the rights offering on 13 June 2008.

- On 6 May 2008, UBS announced that (i) the Group had targeted a reduced cost run-rate of approximately CHF 28 billion for 2009, which would be significantly below current levels, and (ii) after the capacity reductions planned in the Investment Bank, UBS had established as a target that the Investment Bank would have an inherent capacity to generate approximately CHF 4 billion pre-tax contribution in a normalized environment. There can be no assurance that these plans or targets can be achieved in whole or in part or, if they can, over what time period.

- UBS announced on 6 May 2008 that the impact of the expected continuing unfavourable business environment would affect all of UBS's businesses, and it would require the firm to manage costs, resources and capacity very actively. The Investment Bank expected to employ around 19,000 people at the end of 2008. This would require a reduction of up to 2,600, of which the large majority would be redundancies. In other business groups, personnel numbers would be reduced mainly through natural attrition and internal redeployment, although it would not be possible to avoid redundancies entirely. Assuming no change in market conditions, UBS estimated that, by mid-2009, the firm as a whole would have about 5,500 fewer employees than at the time of the announcement.

- On 5 June 2008, UBS announced that it would close the Investment Bank's institutional municipal securities business through an orderly wind-down. The exit from the institutional municipals business was expected to be completed over the next few months.

- UBS announced on 1 April 2008 that it would form a new entity to hold substantial parts of UBS's work-out portfolio of currently illiquid U.S. real estate assets, and said that it intended to reduce its exposure in a way that would reduce the effect of distressed market conditions on the core businesses while providing an opportunity for shareholders to realize value over time. On 21 May 2008, UBS announced that it had sold to a newly created distressed asset fund managed by BlackRock positions consisting primarily of subprime and Alt-A U.S. residential mortgage-backed securities. UBS sold positions with a nominal value of USD 22 billion to the new fund for an aggregate sale price of approximately USD 15 billion. Based on UBS categorizations, the vast majority of the positions are subprime and Alt-A in roughly equal parts and the remainder is prime. The fund purchased the securities using approximately USD 3.75 billion in equity raised by BlackRock from investors and a multi-year collateralized term loan of approximately USD 11.25 billion provided by UBS.

- On 23 May 2008, UBS stated that, as part of its review of its fixed income businesses, it was evaluating the operation of its reference linked note programs, and may determine to limit or discontinue one or more of the programs. A decision to discontinue or limit operation of one or more of the programs could result in a charge to income.

- UBS also stated on 23 May 2008 that economic and market conditions were volatile and challenging into the second quarter. UBS said that it remained very cautious about the net new money outlook in the near term.

- On 4 July 2008, UBS announced that its results for the second quarter ended 30 June 2008, which will be released as planned on 12 August 2008, were likely to be at or slightly below break-even, taking into account the effect of a tax credit of approximately CHF 3 billion. Group net new money was negative for the period. UBS also announced that it expected its Tier 1 capital ratio at 30 June 2008 to be approximately 11.55, and that it had no need to raise new equity.

- On 17 July 2008, UBS announced that it would no longer provide offshore banking and securities services to US residents through its bank branches. Such services will only be provided through companies licensed in the United States.

3.5 Trend Information (Outlook)

The year started with tough business conditions for the financial industry as a whole. UBS expects this difficult environment to remain and be characterized by a continuing unfavorable global economic climate, deleveraging by institutional and private investors, slower wealth creation and lower trading and capital market activity.

4. Administrative, Management and Supervisory Bodies of the Issuer

4.1 Details of the Executive Bodies of the Company

UBS operates under a strict dual Board structure, as mandated by Swiss banking law. This structure establishes checks and balances and creates an institutional independence of the Board of Directors ("BoD") from the day-to-day management of the firm, for which responsibility is delegated to the Group Executive Board ("GEB"). No member of one Board may be a member of the other.

The supervision and control of the executive management remains with the BoD. The Articles of Association and the Organisation Regulations of UBS AG, with their Annexes govern all details as to authorities and responsibilities of the two bodies. Please refer to www.ubs.com/corporate-governance.

The BoD consists of at least six and a maximum of 12 members. The term of office for members of the board is one year[4].

[4] At the Annual General Meeting on 23 April 2008 the shareholders reduced the term of office for the members of the BoD from three years to one year. As a result, the new members were elected for one year. For existing members the one-year term starts from the point at which they are re-elected.

4.1.1 Board of Directors

The BoD is the most senior body of UBS. All the members of the BoD are elected individually by the Annual General Meeting for a term of office of one year[4]. The BoD itself then appoints its Chairman, the Vice Chairmen, the Deputy, the Senior Independent Director and the Chairmen and members of the varios BoD Committees (Audit Committee; Corporate Responsibility Committee; Governance and Nominating Committee; Human Resources and Compensation Committee; Risk Committee and Strategy Committee).[5].

The BoD has ultimate responsibility for promoting the success of UBS and delivering sustainable shareholder value within a framework of prudent and effective controls which enables risk to be assessed and managed. The BoD sets UBS's strategic aims, ensures that the necessary financial and human resources are in place for UBS to meet its objectives and reviews management performance. The BoD sets UBS's values and standards and ensures that its obligations to its shareholders and others are met. The BoD's proposal for election of members of the BoD must be such that three quarters of the members will, following election, be independent. While the Chairman does not need to be independent, at least one of the Vice-Chairmen must be. The BoD meets as often as business requires, and at least six times a year.

The business address of the members of the BoD is UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland.

Board of Directors of UBS AG

The BoD consists of twelve members[6]:

	Title	**Term of office**	**Position outside UBS AG**
Peter Kurer	Chairman	2009	
Stephan Haeringer	Non-independent Vice Chairman	2010	
Sergio Marchionne	Independent Vice Chairman[7]	2010	CEO of Fiat S.p.A, Turin; CFO of Fiat Group Automobiles; Chairman of the board of the Société Générale de Surveillance (SGS) Group, Geneva and Chairman of the board of CNH Global N.V., Amsterdam; member of the Board of Directors of Philip Morris International Inc., New York
Ernesto Bertarelli	Member	2009	Chairman of Kedge Capital Partners Ltd. Jersey; Chairman of Team Alinghi SA, Ecublens (Switzerland); Chairman of Alinghi Holdings Ltd. Jersey; various board mandates in professional organizations of the biotech and pharmaceutical industries
Gabrielle Kaufmann-Kohler	Member	2009	Partner at the Lévy Kaufmann-Kohler law firm; Professor of International Private Law at the University of Geneva; member of the American Arbitration Association
Rolf A. Meyer	Member	2009	Member of the BoD of DKSH AG, Zurich

5 New committee structure effective as of 1 July 2008.

6 Four members of the Board of Directors (Stephan Haeringer, Rolf A. Meyer, Peter Spuhler and Lawrence A. Weinbach) have decided to resign their positions in October 2008. An Extraordinary General Meeting will be held on October 2, 2008 to elect four new members.

7 The BoD appointed Sergio Marchionne as independent Vice Chairman effective 24 April 2008 and Senior Independent Director effective 1 July 2008.

Helmut Panke	Member	2010	Member of the Board of Directors of Microsoft Corporation, Redmond, WA (USA); member of the BoD of the American Chamber of Commerce in Germany; member of the International Advisory Board for Dubai International Capital's "Global Strategic Equities Fund"; member of the Supervisory Board of Bayer AG, Germany
David Sidwell	Member	2009	Member of the BoD of MSCI Barra Inc.; trustee of the International Accounting Standards Committee Foundation; member of the Advisory Committee of the US Securities and Exchange Commission (SEC)
Peter Spuhler	Member	2010	Owner of Stadler Rail AG (Switzerland); Chairman of Stadler Bussnang AG; Chairman of various companies within the Stadler Rail Group; member of the BoD of Kühne Holding, Switzerland; member of the BoD of Walo Bertschinger Central AG, Switzerland; Vice President of LITRA, Berne; member of the National Council of the Swiss Parliament (lower house)
Peter R. Voser	Member	2009	Chief Financial Officer of Royal Dutch Shell plc, London; member of the BoD of the Federal Auditor Oversight Authority
Lawrence A. Weinbach	Member	2009	Partner of the Yankee Hill Capital Management LLC, Southport, CT (USA); member of the BoD of Avon Products Inc., New York; trustee and member of the Audit Committee of Carnegie Hall, New York; member of the BoD of Quadra Realty Trust, Inc., New York; member of the BoD of Discover Financial Services, Riverwoods, Illinois
Joerg Wolle	Member	2009	President and CEO of DKSH (Diethelm Keller Siber Hegner) Holding Ltd., Zurich; Chairman of BURU Holding AG, Cham (Switzerland); Member of the Board of OAV (German Asia-Pacific Business Association), Hamburg (Germany)

4.1.2 Group Executive Board

Under the leadership of the Group CEO, the GEB has executive management responsibility for UBS Group. It assumes overall responsibility for the development of the firm's business strategies and the implementation of approved strategies. All GEB Members are proposed by the Group CEO and the BoD approves the appointments of the Group CEO, the Group CFO, the Group CRO and the Group GC; the HRCC approves all other GEB Members.

The business address of the members of the GEB is UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland.

Group Executive Board of UBS AG

The GEB consists of eleven members:

Marcel Rohner	Group Chief Executive Officer
John A. Fraser	Chairman and CEO Global Asset Management
Marten Hoekstra	Deputy CEO, Global Wealth Management & Business Banking and Head of Wealth Management, Americas
Jerker Johansson	Chairman & CEO Investment Bank
Joseph Scoby	Group Chief Risk Officer
Walter Stuerzinger	Chief Operating Officer, Corporate Center
Marco Suter	Group Chief Financial Officer
Rory Tapner	Chairman and CEO Asia Pacific
Raoul Weil	Chairman and CEO Global Wealth Management & Business Banking
Alexander Wilmot-Sitwell	Joint Global Head Investment Banking Department, Investment Bank, and Chairman and CEO, Group Europe, Middle East & Africa
Robert Wolf	Chairman and CEO, Group Americas and President and Chief Operating Officer, Investment Bank

No member of the GEB has any significant business interests outside the Bank.

4.1.3 Potential conflicts of interest

Members of the BoD and GEB may act as directors or executive officers of other companies (please see above under "Details of the Executive Bodies of the Company") and may have economic or other private interests that differ from those of UBS. Potential conflicts of interest may arise from these positions or interests. UBS is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including disclosure when appropriate.

4.2 Auditors

On 23 April 2008, the UBS Annual General Meeting reelected Ernst & Young Ltd., Aeschengraben 9, 4002 Basel, Switzerland, as the Group and statutory auditor in accordance with company law and banking law provisions for a further one-year term. Ernst & Young Ltd., Basel, is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

4.3 Major Shareholders of the Issuer

The ownership of UBS shares is broadly dispersed. As at 31 December 2007, Chase Nominees Ltd., London, was registered with a 7.99 per cent holding (31 December 2006: 8.81 per cent, 31 December 2005: 8.55 per cent) of total share capital held in trust for other investors. As at 31 December 2007, the US securities clearing organisation DTC (Cede & Co.) New York, "The Depository Trust Company", held 14.15 per cent (31 December 2006: 13.21 per cent, 31 December 2005: 9.95 per cent) of total share capital in trust for other beneficiaries. As of 18 June 2008, Credit Suisse Group held acquisition positions relating to 75,559,712 shares of UBS AG which corresponds to 2.58 % of the total share capital of UBS AG. These positions comprised 23,372,406 shares (0.80%), 18,367,455 call options or other acquisition rights relating to 38,859,215 shares (1.33%), and 8,665,232 short put options or other disposal rights granted to third parties relating to 13,328,091 shares (0.45%). At the same time Credit Suisse Group held disposal positions relating to 95,810,893 shares of UBS AG, corresponding to 3.27 % of the total share capital of UBS AG. These positions comprised 16,550,433 put options or other disposal rights relating to 26,375,796 shares (0.90%) and 431,610,123 short call options or other acquisition and conversion rights granted to third parties relating to 69,435,097 shares (2.37%). Pursuant to UBS provisions on registering shares, the voting rights of nominees are limited to 5 per cent. This regulation does not apply to securities clearing and settlement organisations. No other shareholder was registered with a holding in excess of 3 per cent of all voting rights. Only shareholders registered in the share register as shareholders with voting rights are entitled to exercise voting rights.

As of 12 June 2008, UBS held acquisition positions relating to 200,697,096 shares of UBS AG which corresponds to 6.84 % of the total share capital of UBS AG. These positions comprised 155,027,045 shares (5.28%), 4,934,314 call options or other acquisition rights relating to 4,934,314 shares (0.17%), and 40,735,737 short put options or other disposal rights granted to third parties relating to 40,735,737 shares (1.39 %). At the same time UBS held disposal positions relating to 584,337,663 shares of UBS AG, corresponding to 19.93 % of the total share capital of UBS AG. These positions comprised 170,376 put options or other disposal rights relating to 170,376 shares (0.01%) and 584,167,287 short call options or other acquisition and conversion rights granted to third parties relating to 584,167,287 shares (19.92%). These comprised, inter alia, conversion rights on 270,438,942 (9.22%) UBS registered shares in the form of mandatory convertible notes ("MCNs") issued to the Government of Singapore Investment Corporation Pte. Ltd, Singapore, and an investor from the Middle East on 5 March 2008. As of 15 July 2008, the Government of Singapore Investment Corporation Pte. Ltd reported in a filing with the US Securities and Exchange Commission that it held 240,223,963 UBS shares, including 228,832,951 shares to be received upon conversion of the MCNs.

Further details on the distribution of UBS shares, the number of registered and non-registered securities, voting rights as well as distribution by shareholder categories and geographical regions can be found in the Annual Report 2007 of UBS AG, 3 Corporate Governance and Compensation Report, in English, on pages 5-6 (inclusive).

5. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

A description of the Issuer's assets and liabilities, financial position and profits and losses is available in the Financial Report of the Issuer for financial year 2006, in the Annual Report 2007 of UBS AG, 4 Financial Statements for financial year 2007, in English, which were restated on 14 April 2008 (see (iv) below). In this context, the Issuer's fiscal year equals the calendar year.

In the case of financial year 2006 reference is made to

(i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 82, the Balance Sheet of UBS AG (Group) on page 83, to the Statement of Cash Flows of the UBS AG (Group) on pages 86 - 87 (inclusive) and to the Notes to the Financial Statements on pages 88 - 214 (inclusive), and

(ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 218, the Balance Sheet of UBS AG (Parent Bank) on page 219, to the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 220, to the Notes to the Financial Statements on page 221 – 225 (inclusive) and to the Parent Bank Review on page 217, and

(iii) the sections entitled "Accounting Standards and Policies" on pages 67 - 72 (inclusive) in the Financial Report 2006.

In the case of financial year 2007 reference is made to

(i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 18, the Balance Sheet of UBS AG (Group) on page 19, to the Statement of Cash Flows of the UBS AG (Group) on pages 23 - 24 (inclusive) and to the Notes to the Financial Statements on pages 25 - 120 (inclusive), and

(ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 125, the Balance Sheet of UBS AG (Parent Bank) on page 126, to the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 127, to the Notes to the Financial Statements on page 128 and to the Parent Bank Review on page 124, and

(iii) the sections entitled "Accounting Standards and Policies" on pages 3 - 8 (inclusive) in the Annual Report 2007 of UBS AG, 4 Financial Statements.

(iv) In January 2008, the International Accounting Standards Board (IASB) issued an amendment to IFRS 2 Share-based Payment. The amended standard, entitled IFRS 2 Sharebased Payment: Vesting Conditions and Cancellations, is effective 1 January 2009 (early adoption permitted). The new standard clarifies the definition of vesting conditions and the accounting treatment of cancellations. UBS has early adopted this amended standard as of 1 January 2008. Under the amended standard, UBS is required to distinguish between vesting conditions (such as service and performance conditions) and non-vesting conditions. The amended standard no longer considers vesting conditions to include certain non-compete provisions and transfer restrictions. Prior to adopting this amendment, UBS treated non-compete provisions as vesting conditions. The impact of this change will be that, from 1 January 2008, most of UBS's share and certain option awards will be expensed in the performance year rather than over the period through which the non-compete conditions are applicable. Restrictions remaining effective after the employee becomes entitled to the share-based award will be considered when determining grant date fair value. Following adoption of this amendment, UBS has fully restated the two comparative prior years (2006 and 2007). The effect of the restatement on the opening balance at 1 January 2006 was as follows: reduction of retained earnings by approximately CHF 2.2 billion, increase of share premium by approximately CHF 2.3 billion, increase of liabilities (including deferred tax liabilities) by approximately CHF 0.3 billion, and increase of deferred tax assets by approximately CHF 0.4 billion. Additional compensation expense of approximately CHF 800 million and approximately CHF 500 million was recognized in 2007 and 2006, respectively. The additional compensation expense is attributable to the acceleration of expense related to share-based awards which contain non-compete provisions and transfer restrictions that no longer qualify as vesting conditions under the Standard. The additional compensation expense of approximately CHF 800 million for 2007 includes awards granted in 2008 for the performance year 2007.

Reference is also made to the Consolidated Financial Statements (restated) of UBS AG for the financial year 2007, in particular the Income Statement of UBS AG (Group) on page F-31, the Balance Sheet of UBS AG (Group) on page F-32, (iii) the Statement of Cash Flows of UBS AG (Group) on pages F-37 - F-38 (inclusive) and the Notes to the Financial Statements on pages page F-39 - F-139 (inclusive).

All relevant financial information including the relevant notes thereto, contained therein and audited by the UBS auditor, form an integral component of this document, and are therefore fully incorporated in this document.

The financial reports form an essential part of UBS's reporting. They include the audited Consolidated Financial Statements of UBS, prepared in accordance with International Financial Reporting Standards ("IFRS") and the audited financial statements of UBS AG, prepared according to Swiss banking law provisions. The financial reports also include discussions and analyses of the financial and business results of UBS and its Business Groups, as well as certain additional disclosures required under Swiss and US regulations.

The financial statements for UBS AG (Group) and its subsidiaries as well as for UBS AG (Parent Bank) were audited by Ernst & Young Ltd., Basel, for financial years 2006 and 2007. The "Report of the Statutory Auditors" of the UBS AG (Parent Bank) can be found on page 226 of the Financial Reports for 2006 and on page 140 of the Annual Report 2007 of UBS AG, 4 Financial Statements. The "Report of the Group Auditors" of the UBS AG (Group) can be found on pages 80 – 81 (inclusive) of the Financial Reports for 2006 and on page 16-17 (inclusive) of the Annual Report 2007 of UBS AG, 4 Financial Statements, and on page F-29 – F-30 (inclusive) of the Consolidated Financial Statements (restated) of UBS AG for the financial year 2007.

Reference is also made to the English version of the UBS's quarterly report for the first quarter 2008, which includes information on the current financial condition and results of operation of UBS. The information contained in this report as of 31 March 2008 was not audited by UBS's auditor.

5.1 Legal and Arbitration Proceedings

UBS Group operates in a legal and regulatory environment that exposes them to potentially significant litigation risks. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, UBS may, based on a cost-benefit analysis enter a settlement even though UBS denies any wrongdoing. UBS Group makes provisions for cases brought against it only when after seeking legal advice, in the opinion of management, it is probable that a liability exists, and the amount can be reasonably estimated. No provision is made for claims asserted against UBS Group that in the opinion of management are without merit and where it is not likely that UBS will be found liable.

Currently, UBS is responding to a number of governmental inquiries and investigations, and is involved in a number of litigations and disputes, related to the sub-prime crisis, sub-prime securities, and structured transactions involving sub-prime securities. These matters concern, among other things, UBS's valuations, disclosures, write-downs, underwriting, and contractual obligations. UBS has been in regular communication with its home country consolidated regulator, the Swiss Federal Banking Commission (EBK), regarding some of these issues and others, including the role of internal control units, governance and processes around risk control and valuation of sub-prime instruments, compliance with public disclosure rules, and the business rationales for the launching and the reintegration of DRCM.

Within the last 12 months until the date of this document, UBS has been involved in the following material legal proceedings:

(a) Tax Shelter: In connection with a criminal investigation of tax shelters, the United States Attorney's Office for the Southern District of New York ("US Attorney's Office") is examining UBS's conduct in relation to certain tax-oriented transactions in which UBS and others engaged during the years 1996-2000. Some of these transactions were the subject of the Deferred Prosecution Agreement which the accounting firm KPMG LLP entered into with the US Attorney's Office in August 2005, and are at issue in United States v. Stein, S1 05 Cr. 888 (LAK). UBS is cooperating in the government's investigation.

(b) Municipal Bonds: In November 2006, UBS and others received subpoenas from the US Department of Justice, Antitrust Division, and the SEC relating to derivative transactions entered into with municipal bond issuers and to the investment of proceeds of municipal bond issuances. Both investigations are ongoing, and UBS is cooperating. In the SEC investigation, on 4 February 2008, UBS received a "Wells notice" advising that the SEC staff is considering recommending that the SEC bring a civil action against UBS AG in connection with the bidding of various financial instruments associated with municipal securities. Under the SEC's Wells process, UBS will have the opportunity to set forth reasons of law, policy or fact why such an action should not be brought.

(c) HealthSouth: UBS is defending itself in two purported securities class actions brought in the US District Court of the Northern District of Alabama by holders of stock and bonds in HealthSouth Corp. UBS also is a defendant in HealthSouth derivative litigation in Alabama State Court and has responded to an SEC investigation relating to UBS's role as a banker for HealthSouth.

(d) Parmalat: UBS is involved in a number of proceedings in Italy related to the bankruptcy of Parmalat. UBS Limited and one current and one former UBS employee are the subject of criminal proceedings in Milan. UBS AG and UBS Limited are defendants in civil actions brought by Parmalat investors in parallel with these criminal proceedings. Furthermore, two current and two former UBS employees (two of whom are the defendants in Milan) are defendants in relation to criminal proceedings in Parma. Civil claims have also been recently filed in parallel with the criminal proceedings by Parmalat investors against the individuals, UBS AG and UBS Limited. UBS AG and UBS Limited deny the allegations made against them and against the individuals in the matters and are defending themselves. In June 2008, UBS settled all civil claims brought by Parmalat (and Mr Enrico Bondi) against UBS, including clawback proceedings against UBS Limited in connection with a structured finance transaction, two civil damages claims brought by Parmalat, and civil actions against the individuals and UBS AG brought in parallel with the criminal proceedings in Parma.

(e) Auction Rate Securities Litigation: UBS has been named in three putative class actions and several arbitrations and individual civil litigations, and is responding to numerous regulatory requests, including requests from the SEC and a number of state regulators, relating to the marketing and sale of Auction Rate Securities (ARS) to clients and to UBS's role and participation in ARS auctions. The requests and the class actions followed the disruption in the markets for these securities and related auction failures since mid-February 2008.

(f) US Cross-Border: The DOJ and the SEC are examining UBS's conduct in relation to cross-border services provided by Swiss-based UBS client advisors to U.S. clients during the years 2000-2007. In particular, DOJ is examining whether certain U.S. clients sought, with the assistance of UBS client advisors, to evade their U.S. tax obligations by avoiding restrictions on their securities investments imposed by the Qualified Intermediary agreement UBS entered into with the U.S. Internal Revenue Service in 2001. In connection with this investigation, a senior UBS employee was detained by U.S. authorities as a "material witness", and he remains in the U.S. until his status as a witness is resolved. On 19 June 2008, a former UBS AG client advisor pleaded guilty on one count of conspiracy to defraud the United States and the Internal Revenue Service in connection with providing investment and other services to a U.S. person who is alleged to have evaded U.S. income taxes on income earned on assets maintained in, among other places, a former UBS AG account in Switzerland. The SEC is examining whether Swiss-based UBS client advisors engaged in activities in relation to their U.S.-domiciled clients that triggered an obligation for UBS Switzerland to register with the SEC as a broker-dealer and/or investment adviser. UBS has been cooperating with these investigations.

(g) Insight One: In early July 2007, UBS agreed to a settlement of the InsightOne case after the New York State Attorney General filed a civil complaint regarding UBS's fee-based brokerage program for private clients in the United States in December 2006. UBS denied that the program was part of a scheme to disadvantage clients, but chose to settle to bring the proceedings to an end. Under the settlement, UBS paid a total of USD 23.3 million, of which USD 21.3 million was paid to certain current and former InsightOne customers pursuant to an agreed upon remediation plan, and USD 2 million was paid in penalties. In 2006, UBS established provisions sufficient to cover the settlement, and therefore the settlement did not impact UBS's Net profit in 2007.

(h) Bankruptcy Estate of Enron: In June 2007, UBS and Enron settled adversarial proceedings in the US Bankruptcy Court for the Southern District of New York brought by Enron to avoid and recover payments made prior to filing for bankruptcy in connection with equity forward and swap transactions. UBS believed it had valid defences to all of Enron's claims, but chose to settle to eliminate the uncertainty created by the proceeding. Under the terms of the settlement, UBS paid Enron USD 115 million and waived a proof of claim for approximately USD 5.5 million that UBS filed in Enron's bankruptcy case. In 2006, UBS recognized a provision for more than half of the settlement amount, with the difference recognized in 2007. Therefore, the settlement did not materially impact UBS's Net profit in 2007.

Besides the proceedings specified above under (a) through (h) no governmental, legal or arbitration proceedings, which may significantly affect the Issuer's financial condition (as opposed to the operating results in the quarterly reporting period) are or have been pending, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are threatened.

5.2 Material Contracts

No material agreements have been concluded outside of the normal course of business which could lead to UBS being subjected to an obligation or obtaining a right, which would be of key significance to the Issuer's ability to meet its obligations to the investors in relation to the issued securities.

5.3 Significant Changes in the Financial Situation of the Issuer

Since the publication of the last audited financial statements for the period ending 31 December 2007, the following changes occurred or are planned to occur:

> As reflected in UBS's Financial Report for the first quarter 2008, UBS incurred in the quarter a net loss attributable to shareholders of approximately CHF 11.5 billion.

Apart from the above-mentioned, there has been no material adverse change in UBS's financial or trading position since 31 December 2007.

5.4 Documents on Display

- The Annual Report of UBS AG as at 31 December 2006, comprising (i) the Annual Review 2006, (ii) the Handbook 2006/2007 and (iii) the Financial Report 2006 (including the "Report of the Group Auditors" and the "Report of the Statutory Auditors");

- The Annual Report of UBS AG as at 31 December 2007, comprising (i) the Review 2007, (ii) 1 Strategy, Performance and Responsibility, (iii) 2 Risk, Treasury and Capital Management, (iv) 3 Corporate Governance and Compensation Report, (v) 4 Financial Statements (including the "Report of the Group Auditors" and the "Report of the Statutory Auditors");

- The Consolidated Financial Statements (restated) of UBS AG for the financial year 2007 (including the "Report of the Group Auditors"), published in the securities prospectus dated 23 May 2008 for the Offering of 760,295,181 Registered Shares of UBS AG;

- The 1st quarter report of UBS AG; and

- The Articles of Association of UBS AG Zurich/Basel, as the Issuer,

shall be maintained in printed format, for free distribution, at the offices of the Issuer as well as at UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt am Main, Federal Republic of Germany, for a period of twelve months after the publication of this document. In addition, the annual and quarterly reports of UBS AG are published on the UBS website, at www.ubs.com/investors or a successor address.

PARTIES

OUR HEAD OFFICE

UBS AG
Bahnhofstrasse 45
CH-8001 Zurich
Switzerland

and

Aeschenvorstadt 1
CH-4051 Basel
Switzerland

OUR OFFICE

UBS AG, London Branch
1 Finsbury Avenue
London
EC2M 2PP
United Kingdom

OUR PLACE OF BUSINESS IN HONG KONG

52nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

SPONSOR

UBS Securities Asia Limited
52nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAW

Mallesons Stephen Jaques
37th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

AUDITORS

Ernst & Young Ltd
Aeschengraben 9
P.O. Box 2149 CH-4002 Basel
Switzerland

LIQUIDITY PROVIDER

UBS Securities Hong Kong Limited
52nd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong