

## Supplement No. 6 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 14 January 2008 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 25 January 2007<sup>1</sup>, concerning the issue of UBS [[Performance] [PERLES] [(Capped)] Certificates [without] [with] settlement formula] [Outperformance [(Capped)] Certificates] [Relative Performance Plus Certificates] [Open-End [(Capped)] Certificates [without] [with] settlement formula] [[Super] S<sup>2</sup>MART Certificates] [[Lock-In] Bonus [(Capped)] [Extra] [Plus] [Flex] Certificates] based on the [description of [the share] [the Index] [the currency exchange rate] [the precious metal] [the commodity] [the interest rate] [the other security] [the fund unit] [the basket comprising the aforementioned assets] [the portfolio comprising the aforementioned assets] as Underlying[s]: [•]].

The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Securities before the Supplement is published have, pursuant to § 16 (3) of the German Securities Prospectus Act, the right, exercisable within a time limit of two working days after the publication of the Supplement, to withdraw their acceptances, provided that the Securities have not been settled yet.

UBS AG, acting through its [London] [Jersey] Branch, announces the following supplement to the already published (single document) Base Prospectus dated 25 January 2007:

1) In section "SUMMARY", the paragraph 'What is the Issuer's financial situation?' (page 8 et seq. of the Base Prospectus) is completely replaced as follows:

### What is the Issuer's financial situation?

The following table has been produced from the unaudited quarterly report of UBS as of 30 September 2007 published in English and shows the financial highlights and UBS' first class ratings:

UBS Financial Highlights							
UBS Group							
	As of or for the quarter ended			% change from 2Q07 in relation to 3Q06		Year to date	
	30.9.07	30.6.07	30.9.06	2Q07	3Q06	30.9.07	30.9.06
<i>CHF million, except where indicated</i>							
Operating profit before tax (from continuing and discontinued operations)	<b>(726)</b>	6,236	2,814			9,902	11,619
Net profit attributable to UBS shareholders	<b>(830)</b>	5,622	2,199			8,067	8,850
Net profit attributable to minority interests	<b>117</b>	149	105	(21)	11	428	397
<b>Performance indicators from continuing operations</b>							
Diluted earnings per share (CHF)	<b>(0.49)</b>	2.69	1.07			3.87	4.04
Return on equity attributable to UBS shareholders (%) <sup>1</sup>						20.7	26.0
<b>Financial Businesses<sup>2</sup></b>							
Operating income	<b>6,169</b>	15,651	10,462	(61)	(41)	35,167	34,899
Operating expenses	<b>7,123</b>	9,695	7,715	(27)	(8)	25,909	24,137
Net profit attributable to UBS shareholders from continuing operations	<b>(1,086)</b>	5,152	2,114			7,248	8,194

<sup>1</sup> as amended by Supplement No. 1 dated 30 January 2007, as amended by Supplement No. 2 dated 11 April 2007, as amended by Supplement No. 3 dated 1 June 2007, as amended by Supplement No. 4 dated 14 November 2007 and as amended by Supplement No. 5 dated 30 November 2007

	As of or for the quarter ended			% change from 2Q07 in relation to 3Q06		Year to date	
Cost / income ratio (%) <sup>3</sup>	<b>115.2</b>	62.0	73.8			73.7	69.4
Net new money (CHF billion) <sup>4</sup>	<b>38.3</b>	34.0	41.9			125.1	126.2
Personnel (full-time equivalents)	<b>83,814</b>	81,557	75,593	3	11		

#### UBS balance sheet & capital management

##### Balance sheet key figures

	<b>30.9.07</b>	30.6.07	30.9.06	2Q07	3Q06	30.9.07	30.9.06
Total assets	<b>2,484,235</b>	2,539,741	2,261,009	(2)	10		
Equity attributable to UBS shareholders	<b>48,229</b>	51,259	48,094	(6)	0		
<b>Market capitalization</b>	<b>127,525</b>	151,203	156,615	(16)	(19)		

##### BIS capital ratios

Tier 1 (%) <sup>5</sup>	<b>10.6</b>	12.3	12.2				
Total BIS (%)	<b>13.6</b>	15.5	15.1				
Risk-weighted assets	<b>390,320</b>	378,430	331,697	3	18		
<b>Invested assets (CHF billion)</b>	<b>3,265</b>	3,265	2,879	0	13		

##### Long-term ratings

Fitch, London <sup>6</sup>	<b>AA+</b>	AA+	AA+				
Moody's, New York	<b>Aaa</b>	Aaa	Aa2				
Standard & Poor's, New York <sup>7</sup>	<b>AA+</b>	AA+	AA+				

<sup>1</sup> Net profit attributable to UBS shareholders from continuing operations year to date (annualized as applicable) / average equity attributable to UBS shareholders less distributions (estimated as applicable). <sup>2</sup> Excludes results from industrial holdings. <sup>3</sup> Operating expenses / operating income less credit loss expense or recovery. <sup>4</sup> Excludes interest and dividend income. <sup>5</sup> Includes hybrid Tier 1 capital. <sup>6</sup> Fitch's long-term rating was changed from AA+ to AA on 10 December 2007. <sup>7</sup> Standard & Poor's long-term rating was changed from AA+ to AA on 1 October 2007.

2) The section 'Description of the Issuer' (page 33 to page 38 of the Base Prospectus) is completely replaced as follows:

### **DESCRIPTION OF THE ISSUER**

The following description contains general information on UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its [London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ].

### **OVERVIEW**

UBS AG and its subsidiaries ("**UBS AG**" or "**UBS**") are, 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 top-tier investment banking and securities firm with a strong institutional and corporate client franchise, a key asset manager and the market leader in Swiss commercial and retail banking. On 30 September 2007, 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, with a BIS Tier 1<sup>2</sup> ratio of 10.6 %, invested assets of CHF 3,265 billion, equity attributable to UBS shareholders of CHF 48,229 million and a market capitalisation of CHF 127,525 million on 30. September 2007.

UBS is among the few globally active major banks that have a first-class rating. The rating agencies Standard & Poor's Inc. ("**Standard & Poor's**"), Fitch Ratings ("**Fitch**") and Moody's Investors Service Inc.

<sup>2</sup> 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.

("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 creditworthiness with AA<sup>3</sup>, Fitch with AA<sup>4</sup> and Moody's with Aaa.

## I. 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 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 virt-x 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.

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.

## II. BUSINESS OVERVIEW

UBS is managed through three Business Groups and its Corporate Center, each of which is described below. In addition there is an area of business combined in Industrial Holdings. A full description of their strategies, structure, organisation, products, services and markets can be found in the UBS Handbook 2006/2007, in the English version on pages 28 - 56 (inclusive).

### **Global Wealth Management & Business Banking**

With more than 140 years of experience, UBS global wealth management business provides a comprehensive range of products and services individually tailored for wealthy clients around the world. 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 U.S., the business is, according to its own opinion, one of the leading wealth managers. Business Banking Switzerland is, according to its own opinion, the market leader in Switzerland, providing a complete set of banking and securities services for individual and corporate clients.

### **Global Asset Management**

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

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<sup>3</sup> Standard and Poor's long-term rating was changed from AA+ to AA on 1 October 2007

<sup>4</sup> Fitch's long-term rating was changed from AA+ to AA on 10 December 2007

## **Investment Bank**

UBS Investment Bank is, according to its 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' own wealth management business and through other private banks.

## **Corporate Center**

Corporate Center creates value for shareholders and other 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 businesses grow sustainably through its risk, financial control, treasury, communication, legal and compliance, human resources, strategy, off shoring and technology functions.

## **Industrial Holdings**

The Industrial Holdings segment consists of UBS private equity investments. UBS strategy is to de-emphasize and reduce exposure to this asset class while capitalizing on orderly exit opportunities as they arise.

## **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.

## **III. ORGANISATIONAL STRUCTURE OF THE ISSUER**

The objective of UBS' 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 UBS Financial Report 2006, in English, on pages 172 - 175 (inclusive).

## **IV. TREND INFORMATION**

On 10 December 2007, UBS revised its outlook for its fourth quarter 2007 from an overall Group profit, as anticipated in its announcement of 30 October 2007, to a loss. It is now possible that UBS will record a net loss attributable to shareholders for the full year 2007.

## **V. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE ISSUER**

UBS operates under a strict dual Board structure, as mandated by Swiss banking law. The functions of Chairman of the Board of Directors ("**Chairman**") and Group Chief Executive Officer ("**Group CEO**") are assigned to two different people, thus providing separation of powers. 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 Appendices govern all details as to authorities and responsibilities of the two bodies. Please refer to [www.ubs.com/corporate-governance](http://www.ubs.com/corporate-governance).

The BoD consists of at least six and a maximum of twelve members. The term of office for members of the board is three years.

## Details of the Executive Bodies of the Company

### Board of Directors

The Board of Directors consists of eleven members:

	<b>Title</b>	<b>Term of office</b>	<b>Position outside UBS AG</b>
Marcel Ospel	Chairman	2008	
Stephan Haeringer	Executive Vice Chairman	2010	
Ernesto Bertarelli	Member	2009	Chairman of Kedge Capital Partners Ltd. Jersey, of Team Alinghi SA, Ecublens (Switzerland), and of Alinghi Holdings Ltd, Jersey.
Gabrielle Kaufmann-Kohler	Member	2009	Partner at the Schellenberg Wittmer law firm and Professor of international private law at the University of Geneva.
Sergio Marchionne	Member	2010	CEO of Fiat S.p.A, Turin
Dr. Rolf A. Meyer	Member	2009	Member of the Board of DKSH AG (Diethelm Keller Siber Hegner), Zurich, and Chairman of its Audit and Finance Committee. Member of the Board of Directors of Ascom (Switzerland) Ltd., Berne.
Dr. Helmut Panke	Member	2010	Member of the Board of Directors of Microsoft Corporation, Redmond, WA (USA).
Peter Spuhler	Member	2010	Owner of Stadler Rail AG, Switzerland, and Chairman of Stadler Rail AG and of Stadler Bussnang AG. Member of the Board of Directors of Kühne Holding, Switzerland, and Walo Bertschinger Central AG, Switzerland.
Peter R. Voser	Member	2008	Chief Financial Officer of The Royal Dutch Shell plc, London
Lawrence A. Weinbach	Member	2008	Partner of the Yankee Hill Capital Management LLC, Southport, CT, USA (since 2006). Member of the Board of Directors of Avon Products Inc., New York (USA).
Joerg Wolle	Member	2009	President and CEO of DKSH Holding Ltd.

## Group Executive Board

The Group Executive Board consists of eight members:

Marcel Rohner	Group Chief Executive Officer and Chairman & CEO Investment Bank
John A. Fraser	Chairman and CEO Global Asset Management
Peter Kurer	Group General Counsel
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

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

## 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 three years. The BoD itself then appoints its Chairman, the Vice Chairmen and the various BoD Committees (Audit Committee, Compensation Committee, Nominating Committee and Corporate Responsibility Committee).

The BoD has ultimate responsibility for the mid- and long-term strategic direction of UBS, for appointments and dismissals at top management levels and the definition of the firm's risk principles and risk capacity. While the majority of the BoD members are always non-executive and independent, the Chairman and at least one Vice Chairman have executive roles in line with Swiss banking laws, and assume supervisory and leadership responsibilities. 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.

## Group Executive Board

The GEB has business management responsibility for UBS. The Group CEO and the members of the GEB are appointed by the Board of Directors and are accountable to the Chairman and the Board for the firm's results. The GEB, and in particular the Group CEO, are responsible for the implementation and results of the firm's business strategies, for the alignment of the Business Groups to UBS integrated business model, and for the exploitation of synergies across the firm.

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

## Conflicts of interest

No conflicts exist between the private interests and/or other duties of the members of the BoD or the GEB and their obligations to the Issuer

## VI. AUDITORS

On 18 April 2007, 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.

## VII. MAJOR SHAREHOLDERS OF THE ISSUER

The ownership of UBS shares is broadly disbursed. As at 31 December 2006, Chase Nominees Ltd., London, was registered with a 8.81 per cent. holding (31 December 2005: 8.55 per cent., 31 December 2004: 8.76 per cent.) of total share capital held in trust for other investors. As at 31 December 2006, the U.S. securities clearing organisation DTC (Cede & Co.), New York, "The Depository Trust Company", held 13.21 per cent. (31 December 2005: 9.95 per cent., 31 December 2004: 5.77 per cent.) of total share

capital in trust for other beneficiaries. 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 5 per cent. of total share capital.

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 UBS Handbook 2006/2007, in English, on pages 109 - 110 (inclusive).

## **VIII. 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 Reports of the Issuer for financial years 2005 and 2006, in English ("**Financial Reports**"). In this context, the Issuer's fiscal year equals the calendar year.

In the case of financial year 2005 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular the Income Statement of UBS AG (Group) on page 74, the Balance Sheet of UBS AG (Group) on page 75, the Statement of Cash Flows of the UBS AG (Group) on pages 78 - 79 (inclusive) and the Notes to the Financial Statements on pages 80 - 190 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular the Income Statement of UBS AG (Parent Bank) on page 194, the Balance Sheet of UBS AG (Parent Bank) on page 195, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 196, the Notes to the Financial Statements on pages 197 - 201 (inclusive) and the Parent Bank Review on page 193, and
- (iii) the sections entitled "Accounting Standards and Policies" on pages 65 - 70 (inclusive) in the Financial Report 2005.

In the case of financial year 2006 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular the Income Statement of UBS AG (Group) on page 82, the Balance Sheet of UBS AG (Group) on page 83, the Statement of Cash Flows of the UBS AG (Group) on pages 86 - 87 (inclusive) and the Notes to the Financial Statements on pages 88 - 214 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular the Income Statement of UBS AG (Parent Bank) on page 218, the Balance Sheet of UBS AG (Parent Bank) on page 219, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 220, the Notes to the Financial Statements on pages 221 - 225 (inclusive) and 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.

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

The Financial Reports form an essential part of UBS reporting. They include the audited Consolidated Financial Statements of UBS, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), a reconciliation to United States Generally Accepted Accounting Principles ("**US GAAP**"), 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 2005 and 2006. The "Report of the Statutory Auditors" of the UBS AG (Parent Bank) can be found on page 202 of the Financial Reports for 2005 and on page 226 of the Financial Reports for 2006. The "Report of the Group Auditors" of the UBS AG (Group) can be found on page 73 of the Financial Reports for 2005 and on pages 80 - 81 (inclusive) of the Financial Reports for 2006.

Reference is also made to the English version of the Issuer's Quarterly Report for the third quarter 2007, which includes information concerning the Issuer's current assets and liabilities, financial position and

profits and losses. The information contained in this report as of 30 September 2007 was not audited by the Issuer's statutory auditor.

## 1. Legal and Arbitration Proceedings

The Issuer and other UBS Group companies operate 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 often is 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.

Within the last 12 months until 14 January 2008, UBS has been involved in the following legal proceedings which could be material to the operating result of the Group in a given reporting period:

- (a) **InsightOne:** 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' fee-based brokerage program for private clients in the United States in December 2006. UBS denies 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 is being paid to certain current and former InsightOne customers pursuant to an agreed-upon remediation plan, and USD 2 million was paid in penalties. In Q4 2006, UBS established provisions sufficient to cover the settlement, and therefore the settlement will not impact UBS' Net profit in 2007.
- (b) **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' conduct in relation to certain tax-oriented transactions in which UBS and others engaged during the years 1996-2000. Some of these transactions were subject to 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.
- (c) **Municipal Bonds:** In November 2006, UBS and others received subpoenas from the US Department of Justice, Antitrust Division, and the US Securities and Exchange Commission. These subpoenas concern UBS' conduct relating to derivative transactions entered into with municipal bond issuers, and to the investment of proceeds of municipal bond issuances. UBS is cooperating in these investigations.
- (d) **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' role as a banker for HealthSouth.
- (e) **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 believes 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 Q4 2006, UBS recognized a provision for more than half of the settlement amount, with the difference recognized in second quarter 2007. Therefore, the settlement will not materially impact UBS' Net profit in 2007.
- (f) **Parmalat:** UBS is involved in a number of proceedings in Italy related to the bankruptcy of Parmalat. These proceedings include, inter alia, claw back proceedings against UBS Limited in connection with a structured finance transaction. Further, UBS is a defendant in two civil damages claims brought by Parmalat, of which one relates to the same structured finance transaction against UBS Limited, while the other against UBS AG relates to certain derivative transactions. In addition, UBS Limited and two UBS employees are the subject of criminal proceedings in Milan, while four UBS



current or former employees have been served with a notice of closure of criminal investigations in Parma. Finally, UBS is a defendant in civil actions brought by individual investors on the back of the criminal proceedings in Milan. UBS denies the allegations made against itself and against its employees in these matters and is defending itself vigorously.

Besides the proceedings specified above under (a) through (f) no governmental, legal or arbitration proceedings, which may significantly affect the Issuer's financial condition are or have been pending, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are threatened.

## **2. Significant changes in the Financial Situation of the Issuer**

Since the publication of the last unaudited financial statements for the period ending 30 September 2007 the financial information of UBS has experienced the following changes:

On 10 December 2007, UBS announced that it will write down its US sub-prime holdings by approximately a further USD 10 billion, following a review of the key input parameters of the models that are used to estimate lifetime default and resulting losses for sub-prime mortgage pools.

At the same time, UBS announced that it has introduced measures to strengthen its capital position, adding CHF 19.4 billion of BIS Tier 1 capital. These measures include:

- (a) An agreement with two strategic investors, Government of Singapore Investment Corporation Pte. Ltd. (GIC) and an undisclosed strategic investor in the Middle East to subscribe to an issue of CHF 13 billion of mandatory convertibles notes. This is subject to the approval of UBS shareholders at an extraordinary general meeting (EGM) which will take place prior to the end of February 2008. GIC has committed to subscribe to CHF 11 billion and the other investor to CHF 2 billion. The conversion of the notes into ordinary shares must take place on or before a date approximately two years after issuance;
- (b) A re-sale of 36.4 million treasury shares previously intended to be cancelled; such re-sale has been approved by the Board of Directors of UBS. UBS has received indications of interest in a share issue, is considering these and will place these shares over time. This is expected to increase BIS Tier 1 capital by approximately CHF 2 billion;
- (c) A proposal by the Board of Directors to replace the 2007 cash dividend with a stock dividend, *i.e.* a bonus issue of new shares. This is expected to increase Tier 1 capital by CHF 4.4 billion, of which approximately CHF 3.3 billion is a reversal of accrued dividend for the first nine months of the year and the balance is dividend that will now not accrue. This is subject to EGM approval.

In total, these three actions, when completed and approved, are expected to strengthen UBS's regulatory Tier 1 capital by approximately CHF 19.4 billion. After completion, and taking into account the expected fourth quarter loss, the firm's BIS Tier 1 capital ratio is expected to improve to above 12 % from 10.6 % at 30 September 2007.

## **IX. 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.

## **X. DOCUMENTS ON DISPLAY**

The Annual Report of UBS AG as at 31 December 2005, comprising (i) the Annual Review 2005, (ii) the Handbook 2005/2006 and (iii) the Financial Report 2005 (including the "Report of the Group Auditors" and the "Report of the Statutory Auditors"), 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 quarterly report of UBS AG as of 30 September 2007 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](http://www.ubs.com/investors) or a successor address.

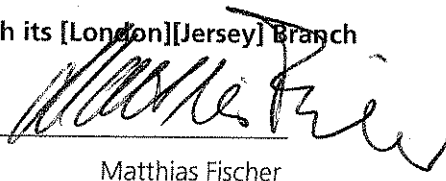
The Base Prospectus dated 25 January 2007 and all supplements thereto, are available free of charge at the Issuer and at UBS Deutschland AG, Stephanstrasse 14 – 16, 60313 Frankfurt am Main, Federal Republic of Germany.

Additionally, the Base Prospectus and all supplements thereto are published on the website [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest), or a successor website.

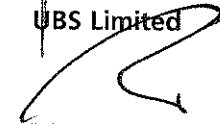
Frankfurt am Main, 14 January 2008

UBS AG, acting through its [~~London~~][Jersey] Branch

  
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