



Final Terms dated 23 March 2007

in relation to the
Base Prospectus pursuant to section 6 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*)
dated 20 March 2007

UBS AG

(incorporated with limited liability in Switzerland)
acting through its London Branch (as Issuer)

- (i) **Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index**
- (ii) **Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index ((i) and (ii) together, the CHF Notes)** (for marketing purposes these securities are known as "Man AP Spectrum CHF Index Notes")
- (iii) **Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index**
- (iv) **Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index ((iii) and (iv) together, the EUR Notes)** (for marketing purposes these securities are known as the "Man AP Spectrum EUR Index Notes")
- (v) **Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index**
- (vi) **Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index ((v) and (vi) together, the USD Notes and, together with the CHF Notes and the EUR Notes, the Notes)** (for marketing purposes these securities are known as "Man AP Spectrum USD Index Notes")

as well as for the

- (vii) **Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index**
- (viii) **Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index ((vii) and (viii) together, the CHF Certificates)** (for marketing purposes these securities are known as the "Man AP Spectrum CHF Index Certificates")
- (ix) **Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index**
- (x) **Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index ((ix) and (x) together, the EUR Certificates)** (for marketing purposes these securities are known as "Man AP Spectrum EUR Index Certificates")
- (xi) **Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index**

- (xii) **Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index ((xi) and (xii) together, the USD Certificates)** (for marketing purposes these securities are known as "**Man AP Spectrum USD Certificates**")

The CHF Certificates, the EUR Certificates and the USD Certificates are together referred to as the **Certificates** and the Notes and the Certificates are together referred to as the **Securities**. This document applies to each of the above series (each a "**Series**") of Securities and references to defined terms herein shall be deemed to apply separately to a Series where the context so requires.

The Base Prospectus of UBS AG dated 20 March 2007 (as completed by these Final Terms) has been Approved by the German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht (the "**BaFin**"), which is the German competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in Germany, as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Germany for the purpose of giving information with regard to the issue of Securities (the "**Securities**") described herein. The Base Prospectus as completed by these Final Terms (the "**Prospectus**") is drawn up in connection with the issue of Securities and constitutes a prospectus for the purposes of Article 5 of the Prospectus Directive in respect of the Securities. "Approved" means the positive act at the outcome of the scrutiny of the completeness of the Prospectus by BaFin, including the consistency of the information given and its comprehensibility.

Investor Responsibilities

It is intended that the Securities will be offered to the public in Austria, Belgium, Germany, Luxembourg, the Netherlands, Spain and Switzerland and such other EU Member States as may be decided upon from time to time. The Securities are sold to any investor on the understanding that it will comply with all relevant securities laws and public offer requirements in the jurisdictions in which it places or resells the Securities, including, without limitation, the Prospectus Directive and the relevant implementing measures in any EU Member State.

The Notes are 100% principal protected as to their Nominal Amount at the Final Redemption Amount Settlement Date. In an early redemption situation Noteholders may receive less than or, in some circumstances, considerably less than the Nominal Amount of a Note.

The Certificates are not principal protected. The Final Redemption Amount may therefore be lower than the Nominal Amount of a Certificate.

All payments in respect of the Securities are subject to all applicable fiscal and other laws and regulations, including laws requiring the deduction or withholding of tax. A Securityholder must pay any tax, duty, charges, withholding or other payment that may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any of its Securities.

Application will be made for the Securities to be approved by BaFin and for a certificate of approval under Article 18 of the Prospectus Directive as implemented in Germany to be issued by BaFin to the competent authorities in Austria, Belgium, Germany, Luxembourg, the Netherlands and Spain.

The Securities do not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus is not subject to the supervision of the Swiss Federal Banking Commission (*Eidgenössische Bankenkommission*). Therefore, investors in the Securities are not eligible for the specific investor protection under the CISA.

Lead Manager

UBS Investment Bank

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SUMMARY

A translation of this summary in German is set out immediately following this English language version. Translations of this summary in French, Dutch and Spanish are available at the specified offices of the Agent.

This summary must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. Civil liability attaches to the Issuer who has tabled the summary, including any translation thereof, but only if it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Issuer:

UBS AG, acting through its London Branch

UBS AG and its affiliates (together “UBS”) operate in over 50 countries and from all major international centres and its branch network comprises 426 bank premises in Switzerland, 463 in the United States and 137 in other global jurisdictions.

Rating of the Issuer

AA+/Aa2. The Securities themselves have not been rated.

Securities:

CHF Notes: Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index

Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index

EUR Notes: Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index

Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index

USD Notes: Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index

Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index

CHF Certificates: Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index

Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index

EUR Certificates: Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index

Series 2007-10 Up to EUR 50,000,000 Type B

Certificates linked to the Man AP Spectrum EUR Index

USD Certificates: Series 2007-11 Up to USD 25,000,000 Type A
Certificates linked to the Man AP Spectrum USD Index

Series 2007-12 Up to USD 50,000,000 Type B
Certificates linked to the Man AP Spectrum USD Index

Series:	Each series of Securities listed under "Securities above".
Nominal Amount of each Security:	CHF Securities: CHF 1 EUR Securities: EUR 1 USD Securities: USD 1
Status of the Securities:	The Securities constitute (i) direct, unconditional, unsecured and unsubordinated obligations of the Issuer, (ii) rank equally among themselves and (iii) at the Issue Date of the Securities, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer, other than certain debts required to be preferred by law.
Expenses and Taxation:	Securityholders must pay all Securityholder Expenses relating to the Securities. The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, charges, withholding or other payment that may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Securities and all payments made by the Issuer shall be made subject to any such tax, duty, charges, withholding or other payment which may be required to be made, paid, withheld or deducted.
Substitution:	The Issuer has a right of substitution and a right to change the branch through which it is acting.
Governing Law:	The Securities are governed by and shall be construed in accordance with English law.
Selling Restrictions:	With the exception of the approval by the BaFin of this Prospectus as issued in compliance with the Prospectus Directive and relevant implementing measures in Germany and an application for notification of the Prospectus in Austria, Belgium, Luxembourg, the Netherlands and Spain no action has been or will be taken by the Issuer that would permit a public offering of any Securities or possession or distribution of any offering material in relation to any Securities in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.
Form of Securities:	The Securities will be in bearer form and will on issue be represented by a Temporary Global Security which will be exchangeable for interests in a Permanent Global Security (the " Permanent Global Security "). The Permanent Global Security will be exchangeable for

definitive Securities (i) on the occurrence of an Exchange Event or (ii) at any time at the request of the Issuer.

Agent: UBS AG, acting through its business group UBS Investment Bank.

Clearing Systems: The Securities shall be accepted for clearing through Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). Each Global Security is to be held by or on behalf of such clearing systems and therefore, potential investors will have to rely on the clearing systems' procedures for transfer, payment and communications with the Issuer.

Issuer's financial situation: The following table is an excerpt of the unaudited quarterly report of UBS as of 31 December 2006 published in English. This table provides information about UBS' balance sheet and capital management (figures are in CHF million, except where indicated):

UBS Balance Sheet & Capital Management

Equity attributable to UBS shareholders	¹	49,801
Market capitalization		154,222
BIS capital ratios	²	
Tier 1 (%)	³	11.9
Total BIS (%)		14.8
Risk-weighted assets		341,892
Invested assets (CHF billion)		2,989

1) *Equity attributable to UBS shareholders is adjusted.*

2) *BIS capital ratios are the ratios established by the Basel Committee on Banking Supervision (BIS). The BIS capital ratios compare the amount of eligible capital (in total and Tier 1) with the total of risk weighted assets. 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. Total BIS includes besides Tier 1 capital also subordinated long-term debt.*

3) *Includes hybrid Tier 1 capital.*

Investment Objective: The investment objective is to generate capital gains rather than interest.

Risk Factors: The following are the essential factors that may affect the Issuer's ability to fulfil its obligations under the Securities issued under this Prospectus:

- Interest rates, equity prices, foreign exchange levels and other market fluctuations may affect earnings.
- Market levels and trading volumes may be affected by a broad range of geopolitical or regional issues or events beyond the Issuer's control.
- Operational risk may increase costs and impact revenues.

- Legal claims may arise in the conduct of the Issuer's business.
- Competitive forces may influence business direction.
- The Issuer's global presence exposes the Issuer to other risks.
- A reduction in the credit rating of the Issuer could result in a reduction in the trading value of the Securities.
- There may be potential conflicts of interest between the Issuer and its Affiliates in respect of trading activities related to the Indices and other instruments related to the Indices.

There are also factors which are material for the purpose of assessing the risks associated with the Securities issued under this Prospectus. These include:

- The Securities are unsecured obligations.
- Certain factors may affect the value and trading price of the Securities.
- The Securities may be redeemed early in which case there is no guarantee that the amount repaid to Securityholders will be equal to or greater than the Issue Price.

There are factors which are material for the purpose of assessing the risks associated with the Certificates due to their particular characteristics:

- The Certificates are not capital protected. The Final Redemption Amount may therefore be lower than the amount originally invested by investors.

In addition, there are factors which are material for the purpose of assessing the risks associated with the Indices underlying the Securities, the Index Sponsor and the hedge funds underlying the Indices. These include:

- A high degree of reliance is placed on Man Investments Limited as Index Sponsor.
- No assurance can be given that the Index Sponsor or any hedge funds will be able to locate suitable investment opportunities.
- The Final Redemption Amount is calculated by reference to the Index Value.
- Market volatility reflects the degree of volatility and expected instability of the performance of the Index.
- Certain costs may have a negative impact on the performance of the Index.

- The Fund Components of the Index may comprise a wide range of hedge funds and the value and price volatility of these may impact the Index and the Final Redemption Amount.
- The Index may have a disproportionate investment in certain Fund Components.
- The value of fund investments may go down as well as up: there can be no assurance as to future value.
- The investment strategy of the Index Sponsor may result in an Index with Fund Components managed by hedge funds whose operating histories may be relatively short and the strategies applied may not previously have been used.
- The Index Sponsor or any hedge fund may employ certain strategies which depend upon the reliability and accuracy of the Index Sponsor's or any hedge fund's analytical models which may not prove to be correct.

There are factors which are material for the purpose of assessing the risks associated with hedge funds. These include:

- Leverage may have the effect of increasing losses.
- Hedge fund investments in securities of issuers in a weak financial condition may involve substantial financial and business risks that can result in significant losses.
- Investments in complex derivative transactions are subject to additional risks including interest rate and credit risk volatility, world and local price and demand and general economic factors and activity.
- Hedge funds may make investments for which no liquid market exists.
- Short sales can involve theoretically unlimited risk of an increase in market price.
- Hedge funds may invest in the commodity futures market which is highly volatile.
- Hedge fund costs and fees may reduce the value of the Index.
- Some transactions entered into by hedge funds may include in their costs research items and general overhead costs.
- Hedge funds may engage in forward trading which is largely unregulated.
- Hedge funds may invest on the basis of certain short-term market considerations.

- Securities in which hedge funds invest, may not be valued reliably, particularly if illiquid/not exchange traded.
- Hedge funds may employ new trading strategies for which no specific risk factors are provided.
- The complex trading systems/programmes which may be operated by hedge funds and the speed and volume of transactions invariably results in occasional trades being executed which, with the benefit of hindsight, were not required by the trading systems/programmes.

Essential characteristics associated with the Securities

Issue Price: In respect of each Series, the issue price per Security is 100% of its Nominal Amount.

Redemption: Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem each Security at the Final Redemption Amount on the Final Redemption Amount Settlement Date.

Final Redemption Amount Settlement Date: In respect of each Series, the 5th Business Day immediately following a Hypothetical Hedging Party redemption date which is determined by reference to the date on which a Hypothetical Hedging Party (in the same position as the Issuer) would have received redemption proceeds in respect of the Maturity Date from unwinding any Hypothetical Hedging Arrangements, all as determined by the Calculation Agent.

Final Redemption Amount:

CHF Securities: $\text{CHF } 1 \times \frac{\text{Final Index Value}}{\text{Initial Index Value}}$

EUR Securities: $\text{EUR } 1 \times \frac{\text{Final Index Value}}{\text{Initial Index Value}}$

USD Securities: $\text{USD } 1 \times \frac{\text{Final Index Value}}{\text{Initial Index Value}}$

in each case subject to rounding.

Hypothetical Hedging Arrangements: Any hedge fund or other investment with the characteristics of a hedge fund that, either by itself or when taken together with other hedge funds, a Hypothetical Hedging Party would hold, directly or indirectly, to hedge the obligations in respect of the Securities.

Hypothetical Hedging Party: A person which is deemed to carry out any Hypothetical Hedging Arrangements to hedge the obligations under the Securities.

Principal Protection: The Notes (but not the Certificates) are 100% principal protected as to their Nominal Amount at the Final Redemption Amount Settlement Date. In an early redemption situation Noteholders may receive less than or, in some circumstances, considerably less than the Nominal Amount of a Note.

Payment Day: Any day which is

a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation and London and, in the case of:

	CHF Securities: Zurich
	USD Securities: New York City
	EUR Securities: a TARGET Settlement Day
Business Day:	Any day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and in the case of: CHF Securities: Zurich USD Securities: New York City EUR Securities: a TARGET Settlement Day
TARGET Settlement Day:	A day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) is open.
Maturity Date:	31st July, 2019
Final Index Value:	In respect of each Series, the Index Value as of the Maturity Date. In the case of the Notes, the Final Index Value shall not be less than the higher of (a) the Initial Index Value and (b) the value the Capital Protection Component at the Maturity Date. The value of the Capital Protection Component at the Maturity Date may reflect the lock-in of certain trading profits.
Capital Protection Component:	In the case of Notes only, a notional investment in units and/or fractions of the equivalent of a financial security constituting an obligation of the Issuer equivalent to the Nominal Amount per Note on the Maturity Date and its price on an Index Valuation Date is determined by the Issuer.
Initial Index Value:	CHF Securities: CHF 1 EUR Securities: EUR 1 USD Securities: USD 1

The Indices:

Man AP Spectrum CHF Protected Index (the **CHF Protected Index**), which is the Index relating to the CHF Notes;

Man AP Spectrum EUR Protected Index (the **EUR Protected Index**), which is the Index relating to the EUR Notes;

Man AP Spectrum USD Protected Index (the **USD Protected Index** and together with the CHF Protected Index and the EUR Protected Index, the **Protected Indices**), which is the Index relating to the USD Notes;

Man AP Spectrum CHF Index (the **CHF Index**), which is the Index relating to the CHF Certificates;

Man AP Spectrum EUR Index (the **EUR Index**), which is the Index relating to the EUR Certificates; and

Man AP Spectrum USD Index (the **USD Index**, and together with the CHF Index and the EUR Index, the **Non-Protected Indices**), which is the Index relating to the USD Certificates,

(each of the Protected Indices and the Non-Protected Indices is referred to herein individually as an **Index** and, together, as the **Indices**). Each Index is a notional index linked to the performance of certain Index Constituents which comprise Fund Components and a Cash Component, in the case of the Protected Indices only, a Capital Protection Component. The Index Constituents and their respective weightings may be adjusted at the option of the Index Sponsor from time to time. Fund Components relate to certain hedge fund interests. In addition to the Index Constituents other elements will also be taken into account in the Index, including a currency hedging factor (for the CHF and EUR Indices only), a bond hedging factor (for the Protected Indices only), a corporate action factor, an adjustment factor and certain fees.

Early Redemption due to illegality, reduction in the aggregate amount of the Securities or a Disruption Event:

The Issuer may redeem a Series in full in the case of an illegality or if the aggregate Nominal Amount of Securities outstanding is equal to or less than, in the case of:

Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000,000

Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000,000

Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000,000

Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000,000

Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000,000

Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B

Notes linked to the Man AP Spectrum USD Protected Index:
USD 10,000,000

Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the
Man AP Spectrum CHF Index: CHF 10,000,000

Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the
Man AP Spectrum CHF Index: CHF 10,000,000

Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the
Man AP Spectrum EUR Index: EUR 10,000,000

Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the
Man AP Spectrum EUR Index: EUR 10,000,000

Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the
Man AP Spectrum USD Index: USD 10,000,000

Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the
Man AP Spectrum USD Index: USD 10,000,000

The Securities are also subject to adjustment or early redemption as a result of Disruption Events and in each case the terms of which may take into account a number of factors including hedging arrangements in relation to the Securities. Disruption Events include a wide range of events affecting the Index, the Index Sponsor, hedging arrangements of the Issuer and the Securities and certain *Force Majeure* events.

Early Redemption Amount: The fair market value of each Security taking into account, if applicable, the relevant illegality, or Disruption Event less a *pro rata* share of the cost to the Issuer and/or any Hedging Party of unwinding any underlying related hedging arrangements.

Early Redemption following an Event of Default: The Securities may also be redeemed early if an Event of Default occurs. In this case any Securityholder may, at such Securityholder's option, declare each Security held by the Securityholder to be forthwith due and payable at its fair market value (as determined by the Calculation Agent but for these purposes no account shall be taken of the financial condition of the Issuer).

Estimated Net Proceeds: The net proceeds of the issue of the Securities, which are expected to be, in the case of:

Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: Up to CHF 62,500,000

Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: Up to CHF 50,000,000

Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: Up to EUR 100,000,000

Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: Up to EUR 50,000,000

Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: Up to USD 62,500,000

Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index: Up to USD 50,000,000

Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index: Up to CHF 25,000,000

Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index: Up to CHF 50,000,000

Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index: Up to EUR 25,000,000

Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index: Up to EUR 50,000,000

Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index: Up to USD 25,000,000

Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index: Up to USD 50,000,000

will be paid to the Issuer, which will use such proceeds for corporate purposes which may include hedging activities in respect of the Securities.

Subscription Period and Delivery of the Securities From and including 21st May, 2007 up to and including 16th July, 2007.

The Securities may be subscribed for from the Issuer during normal banking hours during the Subscription Period subject to applicable restrictions. On the Issue Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System.

Minimum Subscription Amount:

Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000

Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000

Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000

Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000

Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000

Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B

Notes linked to the Man AP Spectrum USD Protected Index:
USD 10,000

Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the
Man AP Spectrum CHF Index: CHF 10,000

Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the
Man AP Spectrum CHF Index: CHF 10,000

Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the
Man AP Spectrum EUR Index: EUR 10,000

Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the
Man AP Spectrum EUR Index: EUR 10,000

Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the
Man AP Spectrum USD Index: USD 10,000

Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the
Man AP Spectrum USD Index: USD 10,000

Secondary Market:

The Issuer may provide a secondary market with a monthly dealing frequency.

However, the Issuer will not assume any legal obligation vis à vis the Securityholders to provide a market for the Securities or with regard to the level of such prices nor how they are determined.

To the extent that the Issuer or any of its Affiliates purchases Securities in a secondary market sale, it is anticipated that a purchase spread will be imposed by the Issuer or any such Affiliate as the case may be up to 4% of the purchase price. Investors should note that different secondary market fee arrangements may apply in respect of the Type A and Type B Securities. This spread includes an early termination fee as determined by Man Investments Limited. The Issuer has agreed with Man Investments Limited that any such spreads shall be paid to Man Investments

Issue Date:

2nd August, 2007

Common Code:

CHF Notes:	Type A: 029067554
	Type B: 029067643
EUR Notes:	Type A: 029067813
	Type B: 029067899
USD Notes:	Type A: 029067996
	Type B: 029068224
CHF Certificates:	Type A: 029068330
	Type B: 029068399
EUR Certificates:	Type A: 029068461
	Type B: 029068585
USD Certificates:	Type A: 029068771
	Type B: 029068801

ISIN:	CHF Notes:	Type A: XS0290675544
		Type B: XS0290676435
	EUR Notes:	Type A: XS0290678134
		Type B: XS0290678993
	USD Notes:	Type A: XS0290679967
		Type B: XS0290682243
	CHF Certificates:	Type A: XS0290683308
		Type B: XS0290683993
	EUR Certificates:	Type A: XS0290684611
		Type B: XS0290685857
Valoren number:	CHF Notes:	Type A: XS0290687713
		Type B: XS0290688018
	CHF Notes:	Type A: 2972765
		Type B: 2973288
	EUR Notes:	Type A: 2973304
		Type B: 2973312
	USD Notes:	Type A: 2973321
		Type B: 2973334
	CHF Certificates:	Type A: 2973350
		Type B: 2973364
	EUR Certificates:	Type A: 2973374
		Type B: 2973380
	USD Certificates:	Type A: 2973390
		Type B: 2973479

GERMAN SUMMARY

ZUSAMMENFASSUNG

Diese Zusammenfassung ist als Einführung zu diesem Prospekt zu lesen, und jede Anlageentscheidung in Bezug auf die Wertpapiere sollte auf einer Betrachtung des Prospektes als Ganzem einschließlich der in ihn durch Verweis einbezogenen Dokumente beruhen.

Die Emittentin kann für die Zusammenfassung einschließlich aller Übersetzungen derselben, haftbar gemacht werden, jedoch nur für den Fall, dass diese irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospektes gelesen wird.

Wenn vor einem Gericht eines Mitgliedsstaates Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, kann der Kläger gemäß den einzelstaatlichen Gesetzen des Mitgliedsstaates, in welchem die Klage eingereicht wird, verpflichtet sein, die Kosten für die Übersetzung des Prospektes vor Prozessbeginn zu tragen.

Emittentin:	<p>UBS AG, handelnd durch ihre Londoner Zweigstelle</p> <p>UBS ist in mehr als 50 Ländern und von allen bedeutenden internationalen Zentren aus tätig, und ihr Zweigstellennetz umfasst 426 Bankgeschäftsräume in der Schweiz, 463 in den Vereinigten Staaten und 137 in anderen Jurisdiktionen weltweit.</p>
Rating der Emittentin:	AA+/Aa2. Für die Wertpapiere selbst wurde kein Rating vergeben.
Wertpapiere:	<p>CHF Schuldverschreibungen: Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index</p> <p>Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index</p> <p>EUR Schuldverschreibungen Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index</p> <p>Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index</p> <p>USD Schuldverschreibungen Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index</p> <p>Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index</p> <p>CHF Zertifikate: Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index</p> <p>Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP</p>

	<p>Spectrum CHF Index</p> <p>EUR Zertifikate: Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index</p> <p>Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index</p> <p>USD Zertifikate: Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index</p> <p>Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index</p>
Serie:	Jede Serie von Wertpapieren unter Punkt "Wertpapiere".
Nennbetrag jedes Wertpapiers:	<p>CHF Wertpapiere: CHF 1</p> <p>EUR Wertpapiere: EUR 1</p> <p>USD Wertpapiere: USD 1</p>
Status der Wertpapiere:	Die Wertpapiere stellen (i) direkte, unbedingte, unbesicherte und nicht nachrangige Verpflichtungen der Emittentin dar, (ii) sind einander gleichrangig und (iii) sind am Emissionstag der Wertpapiere gleichrangig mit allen anderen existierenden und zukünftigen unbesicherten und nicht nachrangigen Verpflichtungen der Emittentin, mit Ausnahme bestimmter Verpflichtungen, die aufgrund zwingender gesetzlicher Bestimmungen vorrangig sind.
Kosten und Besteuerung:	Die Inhaber der Wertpapiere haben alle Inhaberkosten in Bezug auf die Wertpapiere zu tragen. Die Emittentin ist nicht haftbar für oder anderweitig zur Entrichtung von sich infolge von oder in Verbindung mit dem Eigentum, der Übertragung, der Einlösung oder Durchsetzung der Wertpapiere ergebenden Steuern, Abgaben, Gebühren, Einbehaltungen oder sonstigen Zahlungen verpflichtet, und alle von der Emittentin geleisteten Zahlungen erfolgen unter dem Vorbehalt, dass alle derartigen vorgeschriebenen Steuern, Abgaben, Gebühren, Einbehaltungen oder sonstigen Zahlungen geleistet, entrichtet, einbehalten oder abgezogen werden.
Ersetzung:	Die Emittentin hat ein Ersetzungsrecht und ein Recht zur Auswechslung der Zweigstelle, durch welche sie agiert.
Anwendbares Recht:	Die Wertpapiere unterliegen englischem Recht und sind gemäß diesem auszulegen.
Verkaufsbeschränkungen:	Mit Ausnahme der Billigung dieses Prospektes durch die BaFin als in Übereinstimmung mit der Prospektrichtlinie und den einschlägigen Umsetzungsmaßnahmen in Deutschland erstellt, sowie einem Antrag auf Notifizierung des Prospektes in Österreich, Belgien, Luxemburg, den Niederlanden und Spanien wurden oder werden von der Emittentin keine Maßnahmen unternommen, die ein öffentliches Angebot der Wertpapiere oder den Besitz oder die Verbreitung von Angebotsmaterialien in Bezug auf die Wertpapiere in Jurisdiktionen, wo Maßnahmen für solche Zwecke vorgeschrieben sind, zulassen würden. Keine Angebote, Verkäufe, Wiederverkäufe oder Lieferungen von Wertpapiere oder die Verbreitung von Angebotsmaterialien in Bezug auf die Wertpapiere in oder aus allen Jurisdiktionen dürfen erfolgen, ausgenommen unter Umständen, welche in der Einhaltung aller anwendbaren Gesetze und Verordnungen resultieren

	und der Emittentin keinerlei Verpflichtungen auferlegen.
Form der Wertpapiere:	Die Wertpapiere lauten auf Inhaber und werden bei Ausgabe in einer vorläufigen Globalurkunde verbrieft, welche gegen Miteigentumsanteile an einer Dauerglobalurkunde (die „ Dauerglobalurkunde “) austauschbar ist. Die Dauerglobalurkunde ist (i) bei Eintritt eines Austauschereignisses oder (ii) jederzeit auf Ersuchen der Emittentin gegen Einzelurkunden austauschbar.
Agent:	UBS AG, handelnd durch ihre Geschäftsgruppe UBS Investment Bank.
Clearing-Systeme:	Das Clearing der Wertpapiere erfolgt durch die Euroclear Bank S.A./N.V. („ Euroclear “) und die Clearstream Banking, société anonyme („ Clearstream “). Jede Globalurkunde wird von diesen oder im Namen dieser Clearing-Systeme gehalten, und potenzielle Anleger müssen sich daher für die Übertragung, Zahlung und Kommunikation mit der Emittentin auf die Verfahren dieser Clearing-Systeme verlassen.
Vermögenslage der Emittentin:	Die nachfolgende Tabelle ist aus dem publizierten Quartalsbericht der UBS zum 31. Dezember 2006 in englischer Sprache zusammengestellt. Diese Tabelle stellt die Kapitalisierung sowie die Verbindlichkeiten der UBS Gruppe per 31. Dezember 2006 dar:
	<p>Kennzahlen UBS Bilanz- und Kapitalbewirtschaftung</p> <p>Den UBS-Aktionären zurechenbares Eigenkapital ¹ 49.801</p> <p>Börsenkapitalisierung 154 222</p> <p>BIZ-Kennzahlen ²</p> <p>Tier 1-Kapital (%) ³ 11,9</p> <p>Gesamtkapital (Tier 1 und Tier 2) (%) 14,8</p> <p>Risikogewichtete Aktiven (Mio. CHF) 341 892</p> <p>Verwaltete Vermögen (Mrd. CHF) 2 989</p>
	<p>¹ Das den UBS-Aktionären zurechenbare Eigenkapital wurde angepasst.</p> <p>² Die BIZ-Kennzahlen orientieren sich an den Richtlinien und Kennziffern des Basler Ausschusses für Bankenaufsicht (BIZ-Richtlinien/-Kennziffern). Die BIZ-Kennziffern stellen die anrechenbaren eigenen Mittel (gesamthaft und Tier 1) den gesamten risikogewichteten Aktiven (RWAs) gegenüber. Tier 1 setzt sich zusammen aus Aktienkapital, Kapitalreserven, Gewinnreserven einschließlich Gewinn des laufenden Jahres, Umrechnungsdifferenzen und Minderheitsanteilen abzüglich aufgelaufener Dividende, Nettoposition in eigenen Aktien und Goodwill. Gesamtkapital Tier 1 und Tier 2 umfasst neben Tier 1 auch nachrangige langfristige Verbindlichkeiten.</p> <p>³ Beinhaltet hybrides Tier 1 Kapital.</p>
Anlageziel:	Anlageziel ist eher die Generierung von Kapitalgewinnen als Zinsen.

Risikofaktoren:	<p>Es gibt die folgenden wesentlichen Faktoren, die die Möglichkeit der Emittentin, ihre Verbindlichkeiten im Zusammenhang mit den Wertpapieren nach diesem Prospekt zu erfüllen, beeinflussen können:</p> <ul style="list-style-type: none"> ▪ Zinssätze, Aktien- und Wechselkurse sowie andere Marktschwankungen können sich auf die Erträge auswirken. ▪ Marktpreise und -volumen sind einer Vielzahl geopolitischer oder regionaler Faktoren oder Ereignisse unterworfen, die außerhalb des Einflussbereichs der Emittentin liegen. ▪ Operative Risiken können sich kostensteigernd auswirken und den Ertrag beeinflussen. ▪ Aus der Geschäftstätigkeit der Emittentin können Rechtsansprüche erwachsen. ▪ Das Wettbewerbsumfeld kann die Geschäftsausrichtung beeinflussen. ▪ Die globale Präsenz der Emittentin setzt die Emittentin weiteren zusätzlichen Risiken aus ▪ Eine Herabstufung der Bonität der Emittentin kann in einer Reduzierung des Handelsvolumens der Wertpapiere resultieren. ▪ Potentielle Interessenskonflikte zwischen der Emittentin und ihren verbundenen Unternehmen bezüglich Handelsaktivitäten im Zusammenhang mit den Indizes und anderen Instrumenten im Zusammenhang mit den Indizes können bestehen. <p>Es gibt Faktoren, die wesentlich für die Risikoeinschätzung in Verbindung mit den Wertpapieren nach diesem Prospekt sind. Diese beinhalten:</p> <ul style="list-style-type: none"> ▪ Die Wertpapiere sind unbesicherte Verbindlichkeiten. ▪ Gewisse Faktoren können den Wert und Handelspreis der Wertpapiere beeinflussen. ▪ Die Wertpapiere können vorzeitig eingelöst werden. In einem solchen Fall gibt es keine Garantie, dass der an die Inhaber der Wertpapiere zurückgezahlte Betrag größer oder gleich dem Ausgabekurs ist (was im Fall von Zertifikaten jedenfalls nicht der Fall ist: siehe dazu unten). <p>Es gibt Faktoren, die wesentlich für die Einschätzung des Risikos bezüglich der Zertifikate aufgrund ihrer speziellen Charakteristika sind:</p> <ul style="list-style-type: none"> ▪ Die Zertifikate sind nicht kapitalgarantiert. Der endgültige Einlösebetrag kann deshalb weniger als der von den Investoren ursprünglich investierte Betrag sein. <p>Es gibt Faktoren, die wesentlich für die Einschätzung des Risikos bezüglich der zugrunde liegenden Indizes, des Index-Sponsors und der den Wertpapieren nach diesem Prospekt zugrunde liegenden Hedge Fonds sind. Diese beinhalten:</p> <ul style="list-style-type: none"> ▪ Ein hoher Grad an Vertrauen wird auf Man Investments Limited als Index Sponsor gelegt.
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- Es kann keine Zusicherung gegeben werden, dass der Index Sponsor oder ein Hedge Fonds in der Lage sein werden, passende Investmentmöglichkeiten vorzufinden.
- Der endgültige Einlösebetrag wird unter Bezug auf den Indexwert berechnet.
- Die Marktvolatilität spiegelt den Grad an Volatilität und die voraussichtliche Instabilität der Index-Wertentwicklung wider.
- Bestimmte Kosten können eine negative Auswirkung auf die Index-Wertentwicklung haben.
- Die Fondsbestandteile des Index können eine breite Auswahl an Hedge Fonds beinhalten und die Wert- und Preisvolatilität dieser Hedge Fonds können den Index und den endgültigen Einlösebetrag beeinflussen.
- Der Index kann überproportional in bestimmten Fondsbestandteilen investiert sein.
- Der Wert der Fondsinvestitionen kann schwanken: es gibt keine Sicherheit bezüglich des zukünftigen Wertes.
- Die Investmentstrategie des Index Sponsors kann in einem Index aus Fondsbestandteilen bestehen, die von Hedge Fonds verwaltet werden, welche eine verhältnismäßig kurz bestehende operative Geschichte haben, und die angewandten Strategien könnten bislang von ihnen noch nicht verwendet worden sein.
- Der Index Sponsor oder ein Hedge Fonds können sich gewisser Strategien bedienen, welche auf der Zuverlässigkeit und Exaktheit von vom Index Sponsor oder den Hedge Fonds verwendeten Analysemodellen beruhen und welche sich als nicht zutreffend herausstellen könnten.

Es gibt Faktoren, die wesentlich für die Risikoeinschätzung im Zusammenhang mit Hedge Fonds sind. Diese beinhalten:

- Fremdkapitalaufnahme kann die Verluste erhöhen.
- Hedge Fonds Investitionen in Wertpapiere von Emittenten, die sich in schlechtem finanziellem Zustand befinden, können Finanz- und Geschäftsrisiken beinhalten, die zu signifikanten Verlusten führen können.
- Investitionen in komplexe derivative Transaktionen sind Gegenstand zusätzlicher Risiken. Diese beinhalten Zinssatz- und Kreditrisiko-Volatilität, globale und regionale Preisdifferenzen und generelle volkswirtschaftliche Faktoren und Aktivitäten.
- Hedge Fonds können Investments vornehmen, für die kein liquider Markt besteht.
- Leerverkäufe können theoretisch unbegrenzte Risiken eines Anstieges des Marktpreises beinhalten.
- Hedge Fonds können am Warenterminmarkt investieren, der

	<p>hochgradig volatil ist.</p> <ul style="list-style-type: none"> ▪ Hedge Fonds Kosten und Gebühren können den Wert des Index reduzieren. ▪ Einige Transaktionen, die von Hedge Fonds getätigt werden, können in ihren Kosten Positionen für Forschung und generelle Fixkosten beinhalten. ▪ Hedge Fonds können sich im Terminhandel betätigen, der weitgehend unreguliert ist. ▪ Hedge Fonds können auf Grundlage bestimmter kurzfristiger Überlegungen bezüglich des Marktes investieren. ▪ Wertpapiere, in denen Hedge Fonds investiert sind, können nicht verlässlich bewertet werden, speziell wenn sie illiquid sind und/oder nicht börsegehandelt werden. ▪ Hedge Fonds können neue Handelsstrategien einsetzen, für die keine spezifischen Risikofaktoren bestehen. ▪ Komplexe Handelssysteme und/oder Handelsprogramme, welche von manchen Hedge Fonds eingesetzt werden und die Geschwindigkeit und das Volumen von Transaktionen haben unvermeidlich zur Folge, dass gelegentliche Order ausgeführt werden, welche im Nachhinein betrachtet durch diese Handelssysteme und/oder Handelsprogramme nicht erforderlich gewesen wären.
Grundlegende mit den Wertpapieren verbundene Eigenschaften:	
Ausgabekurs:	In Bezug auf jede Serie beträgt der Ausgabekurs pro Wertpapier 100% des Nennbetrages.
Einlösung:	Die Emittentin wird alle nicht zu einem früheren Zeitpunkt eingelöst oder wie nachfolgend geregelt erworbenen und eingezogenen Wertpapiere am planmäßigen Einlösedatum zum endgültigen Einlösebetrag einlösen.
Planmäßiges Einlösedatum:	In Bezug auf jede Serie der fünfte Werktag, der unmittelbar auf ein hypothetisches Hedging Partei Einlösedatum folgt, welches durch Bezug auf jenes Datum bestimmt wird, an dem eine hypothetische Hedging Partei (in der gleichen Position wie die Emittentin) einen Rückzahlungsbetrag zum Fälligkeitsdatum aus Auflösung der hypothetischen Hedging Vereinbarung, alles wie vom Calculation Agent bestimmt, erhalten hätte.
Endgültiger Einlösebetrag:	<p>CHF Wertpapiere: $\text{CHF } 1 \times \frac{\text{Endwert des Index}}{\text{Anfangswert des Index}}$</p> <p>EUR Wertpapiere: $\text{EUR } 1 \times \frac{\text{Endwert des Index}}{\text{Anfangswert des Index}}$</p> <p>USD Wertpapiere: $\text{USD } 1 \times \frac{\text{Endwert des Index}}{\text{Anfangswert des Index}}$</p> <p>jeweils gerundet.</p>

Hypothetische Hedging Vereinbarung:	Jeder Hedge Fonds oder anderes Investment mit den Merkmalen eines Hedge Fonds, welche eine hypothetische Hedging Partei entweder selbst oder zusammen mit anderen Hedge Fonds, direkt oder indirekt halten würde, um Verbindlichkeiten in Bezug auf die Wertpapiere abzusichern.
Hypothetische Hedging Partei:	Eine Person, von der angenommen wird, dass sie hypothetische Hedging Vereinbarungen abschließt, um Verbindlichkeiten unter den Wertpapieren abzusichern.
Kapitalschutz:	Das Kapital der Schuldverschreibungen (aber nicht der Zertifikate) ist bei Einlösung am planmäßigen Einlösedatum in Höhe von 100% des Nennbetrages geschützt. Bei vorzeitiger Einlösung können die Inhaber der Schuldverschreibungen weniger oder, unter bestimmten Umständen, deutlich weniger als den Nennbetrag der Schuldverschreibungen erhalten.
Zahlungstag:	Jeder Tag, an dem Banken und Devisenmärkte Zahlungen abwickeln und für das generelle Geschäft (inklusive Handel in Devisen und Fremdwährungsdepositen) am Platz der Präsentation, in London und im Falle von: CHF Schuldverschreibungen: Zürich, USD Schuldverschreibungen: New York City, und EUR Schuldverschreibungen: ein "TARGET" Tag, geöffnet sind.
Werktag:	Jeder Tag, an dem Banken und Devisenmärkte Zahlungen abwickeln und für das generelle Geschäft (inklusive Handel in Devisen und Fremdwährungsdepositen) in London und im Falle von CHF Wertpapieren: Zürich, USD Wertpapieren: New York City, EUR Wertpapieren: ein "TARGET" Tag, geöffnet sind.
TARGET Tag:	Ein Tag, an dem das "Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System" geöffnet ist.
Fälligkeitsdatum:	31. Juli 2019
Endgültiger Indexwert:	In Bezug auf jede Serie, der Indexwert am Fälligkeitsdatum. Der endgültige Indexwert der Schuldverschreibungen soll nicht niedriger liegen als das Höhere von (a) dem ursprünglichen Indexwert und (b) dem Wert der Kapitalschutzkomponente am Fälligkeitsdatum. Der Wert der Kapitalkomponente am Fälligkeitsdatum kann die Bindung ("Lock-in") bestimmter Handelsgewinne widerspiegeln.
Kapitalkomponente:	Nur im Falle der Schuldverschreibungen. Eine angenommene Investition in Einheiten und/oder Bruchteile von Einheiten eines Wertpapiers, das eine Verbindlichkeit der Emittentin in Höhe des Nennwertes jeder Schuldverschreibung am Fälligkeitsdatum darstellt und dessen Preis an einem Index-Bewertungsstichtag von der Emittentin festgelegt wird.
Anfänglicher Indexwert:	CHF Wertpapiere: CHF 1 EUR Wertpapiere: EUR 1 USD Wertpapiere: USD 1
Die Indizes:	Man AP Spectrum CHF Protected Index (der CHF Protected Index), welcher der Index bezüglich der CHF Schuldverschreibungen ist;

	Man AP Spectrum EUR Protected Index (der EUR Protected Index), welcher der Index bezüglich der EUR Schuldverschreibungen ist;
	Man AP Spectrum USD Protected Index (der USD Protected Index und zusammen mit dem CHF Protected Index und dem EUR Protected Index, die Protected Indices), welcher der Index bezüglich der USD Schuldverschreibungen ist;
	Man AP Spectrum CHF Index (der CHF Index), welcher der Index bezüglich der CHF Zertifikate ist;
	Man AP Spectrum EUR Index (der EUR Index), welcher der Index bezüglich der EUR Zertifikate ist; und
	<p>Man AP Spectrum USD Index (der USD Index, und zusammen mit dem CHF Index und dem EUR Index, die Non-Protected Indices), welcher der Index bezüglich der USD Zertifikate ist;</p> <p>(jeder der geschützten Indizes und der nicht-geschützten Indizes wird einzeln als Index, und gemeinsam werden sie als Indizes bezeichnet). Jeder Index ist ein fiktiver Index, der an die Wertentwicklung bestimmter Indizelemente gebunden ist. Diese umfassen Fondskomponenten und eine Kapitalkomponente. Nur im Falle der geschützten Indizes umfassen diese auch eine Kapitalschutz-Komponente. Die Indizelemente und ihre entsprechende Gewichtung können nach Wahl des Index Sponsors von Zeit zu Zeit angepasst werden. Fondskomponenten beziehen sich auf bestimmte Anteile an Hedge Fonds. Zusätzlich zu den Indizelementen werden innerhalb des Index bestimmte weitere Elemente berücksichtigt, darunter ein Wechselkurssicherungsfaktor (nur für CHF und EUR Indizes), ein Anleihen-Hedging-Faktor (nur für geschützte Indizes), ein Kapitalmaßnahmenfaktor, ein Anpassungsfaktor und bestimmte Gebühren.</p>
Vorzeitige Einlösung aufgrund von Ungesetzlichkeit, einer Verringerung des Gesamtbetrages der Wertpapiere oder einer Störung:	<p>Die Emittentin kann eine Serie vollständig einlösen im Falle einer Ungesetzlichkeit oder falls der Gesamtnennbetrag der ausstehenden Wertpapiere im Falle von:</p> <p>Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000,000</p> <p>Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000,000</p> <p>Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000,000</p> <p>Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000,000</p> <p>Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000,000</p> <p>Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000,000</p> <p>Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index: CHF 10,000,000</p>

	<p>Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index: CHF 10,000,000</p> <p>Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index: EUR 10,000,000</p> <p>Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index: EUR 10,000,000</p> <p>Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index: USD 10,000,000</p> <p>Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index: USD 10,000,000</p> <p>beträgt.</p> <p>Im Falle von Störungen unterliegen die Wertpapiere ebenfalls einer Anpassung oder vorzeitigen Einlösung und in jedem Fall können die Bedingungen auf eine Reihe von Faktoren abstellen (einschließlich Hedging Vereinbarungen in Bezug auf die Wertpapiere). Störungen können eine Vielzahl von den Index, den Index-Sponsor, Sicherungsgeschäfte der Emittentin und die Wertpapiere betreffenden Ereignisse sowie bestimmte Ereignisse höherer Gewalt umfassen.</p>
Vorzeitiger Einlösebetrag:	Der angemessene Marktwert jedes Wertpapiers, wobei gegebenenfalls die jeweilige Ungesetzlichkeit oder Störung zu berücksichtigen ist, abzüglich eines Verhältnisanteils der Kosten für die Emittentin und/oder mögliche Hedging-Partner bei der Abwicklung eventuell zugrunde liegender zugehöriger Absicherungsgeschäfte.
Vorzeitige Einlösung nach einem Verzugsfall:	Die Wertpapiere können außerdem vorzeitig eingelöst werden, falls sich ein Verzugsfall ereignet. In diesem Fall kann jeder Inhaber von Wertpapieren nach eigener Wahl erklären, dass jedes von ihm gehaltene Wertpapier unverzüglich fällig und zum angemessenen Marktwert (wie von der Berechnungsstelle festgestellt, wobei jedoch für diese Zwecke die finanzielle Lage der Emittentin unberücksichtigt zu lassen ist) zahlbar ist.
Erwartete Nettoerlöse:	<p>Die Nettoerlöse des Angebotes der Wertpapiere, welche mit im Falle von:</p> <p>Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: CHF 62,500,000</p> <p>Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: CHF 50,000,000</p> <p>Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: EUR 100,000,000</p> <p>Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: EUR 50,000,000</p> <p>Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: USD 62,500,000</p> <p>Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index: USD 50,000,000</p> <p>Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the</p>

	<p>Man AP Spectrum CHF Index: CHF 25,000,000</p> <p>Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index: CHF 50,000,000</p> <p>Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index: EUR 25,000,000</p> <p>Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index: EUR 50,000,000</p> <p>Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index: USD 25,000,000</p> <p>Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index: USD 50,000,000</p> <p>erwartet werden, werden an die Emittentin ausgezahlt, die diese Erlöse für Unternehmenszwecke nutzen wird, zu denen auch Absicherungsgeschäfte in Bezug auf die Wertpapiere gehören können.</p>
Zeichnungsperiode und Lieferung der Wertpapiere:	<p>Ab (einschliesslich) 21. Mai 2007 bis (einschliesslich) 16. Juli 2007.</p> <p>Die Wertpapiere können während normaler Banköffnungszeiten während der Zeichnungsfrist nach Maßgabe der anzuwendenden Beschränkungen bei der Emittentin gezeichnet werden. Am Emissionstag wird die angemessene Anzahl von Wertpapieren dem Konto des Investors in Übereinstimmung mit den Regeln des entsprechenden Clearing-Systems gutgeschrieben.</p>
Mindestzeichnungsbetrag:	<p>Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000</p> <p>Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000</p> <p>Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000</p> <p>Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000</p> <p>Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000</p> <p>Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000</p> <p>Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index: CHF 10,000</p> <p>Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index: CHF 10,000</p> <p>Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index: EUR 10,000</p> <p>Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index: EUR 10,000</p> <p>Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index: USD 10,000</p> <p>Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index: USD 10,000</p>
Sekundärmarkt:	Die Emittentin kann einen Sekundärmarkt mit monatlicher

	<p>Handelsfrequenz anbieten.</p> <p>Jedoch übernimmt die Emittentin keine rechtliche Verpflichtung gegenüber den Inhabern der Wertpapiere, einen Markt für die Wertpapiere anzubieten oder hinsichtlich des Kursniveaus oder der Preisbildung.</p> <p>Soweit die Emittentin oder ihre verbundenen Unternehmen Wertpapiere bei Sekundärmarktkäufen erwerben, ist zu erwarten, dass von der Emittentin oder einem derartigen verbundenen Unternehmen eine Spanne zwischen An- und Verkaufskurs aufgeschlagen wird, die bis zu 4% des Kaufpreises betragen kann. Investoren sollen sich der Tatsache bewusst sein, dass verschiedene Gebührenordnungen hinsichtlich des Sekundärmarktes für Typ A und Typ B Wertpapiere existieren können. Diese Spanne beinhaltet eine von Man Investments Limited festgesetzte Gebühr für die vorzeitige Einlösung. Die Emittentin hat mit Man Investments Limited vereinbart, dass jegliche solche Spannen an Man Investments bezahlt werden.</p>
Emissionstag:	2. August 2007
Common Code:	<p>CHF Schuldverschreibungen: Type A: 029067554 Type B: 029067643</p> <p>EUR Schuldverschreibungen: Type A: 029067813 Type B: 029067899</p> <p>USD Schuldverschreibungen: Type A: 029067996 Type B: 029068224</p> <p>CHF Zertifikate: Type A: 029068330 Type B: 029068399</p> <p>EUR Zertifikate: Type A: 029068461 Type B: 029068585</p> <p>USD Zertifikate: Type A: 029068771 Type B: 029068801</p>
ISIN:	<p>CHF Schuldverschreibungen: Type A: XS0290675544 Type B: XS0290676435</p> <p>EUR Schuldverschreibungen: Type A: XS0290678134 Type B: XS0290678993</p> <p>USD Schuldverschreibungen: Type A: XS0290679967 Type B: XS0290682243</p> <p>CHF Zertifikate: Type A: XS0290683308 Type B: XS0290683993</p> <p>EUR Zertifikate: Type A: XS0290684611 Type B: XS0290685857</p> <p>USD Zertifikate: Type A: XS0290687713 Type B: XS0290688018</p>
Valoren:	<p>CHF Schuldverschreibungen: Type A: 2972765 Type B: 2973288</p> <p>EUR Schuldverschreibungen: Type A: 2973304 Type B: 2973312</p> <p>USD Schuldverschreibungen: Type A: 2973321 Type B: 2973334</p> <p>CHF Zertifikate: Type A: 2973350</p>

	Type B: 2973364
EUR Zertifikate:	Type A: 2973374 Type B: 2973380
USD Zertifikate:	Type A: 2973390 Type B: 2973479

RISK FACTORS

The purchase of the Securities may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable these to evaluate the roles and the merits of an investment in the Securities. Before making an investment decision, prospective purchasers of the Securities should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Prospectus and in particular, but without limitation the considerations set out below. The considerations set out below in respect of the Securities are not intended to be a comprehensive list and are relevant to a decision to purchase or hold the Securities.

Essential characteristics and risks associated with the Issuer

As a global financial services firm, the Issuer is affected by the factors driving the markets in which it operates. Different risk factors can impact the Issuer's ability to effectively carry out its business strategies and can directly affect the Issuer's earnings. The factors described below, as well as other influences beyond the Issuer's control, mean that revenues and operating profit vary and are likely to continue to vary from period to period. Revenues and operating profit for any particular period may not, therefore, be indicative of sustainable results.

Interest rates, equity prices, foreign exchange levels and other market fluctuations may affect earnings

A substantial part of the Issuer's business consists in taking trading positions in the interest rate, debt, currency, equity, precious metal and energy cash and derivative markets.

The value of these assets and liabilities can be adversely affected by market price fluctuations. The Issuer's market risks are subject to a control framework and to portfolio and concentration limits. The Issuer avoids undue concentrations of risk and, where appropriate, hedge exposure to stress events. In the event of sudden, severe or unexpected market movements, the Issuer might suffer significant losses.

Because the Issuer prepares its accounts in Swiss francs while assets, liabilities, revenues and expenses from certain businesses are denominated in other currencies, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar income representing the major part of the Issuer's non-Swiss franc income), may have an effect on the Issuer's reported earnings. Regulatory or political changes impacting financial market structures can affect the Issuer's earnings. An example was the introduction of the euro in 1999, which affected European foreign exchange markets by reducing the volume of foreign exchange business, and prompted greater harmonization between financial products. Movements in interest rates can affect the Issuer's net interest income and the value of its fixed income trading portfolio, while movements in equity markets can affect the value of the Issuer's equity trading portfolio. Changes in both can affect the investment performance of the Issuer's asset management businesses. The Issuer's fixed income and equity trading portfolios and the Issuer's asset management businesses may also be impacted by credit events, including defaults, related to the issuers of bonds and equities. The Issuer's private equity and commercial real estate investments can be adversely affected by economic, business and general market conditions.

Furthermore, income in businesses such as investment banking, and wealth and asset management is often directly related to client activity levels. As a result, the Issuer's income is susceptible to adverse effects from sustained market downturns as well as any significant deterioration of investor sentiment. Asset-based revenues generated in the Issuer's wealth and asset management businesses depend on the levels of invested assets which can, in themselves, be adversely affected by deteriorating market valuations.

Market levels and trading volumes may be affected by a broad range of geopolitical or regional issues or events beyond the Issuer's control, such as the possibility of war or terrorism, or by economic developments such as low growth, inflation, recession or depression. Counterparty failure may lead to credit loss. Credit is an integral part of many of the Issuer's business activities. The results of the Issuer's credit-related activities (including loans, commitments to lend, contingent liabilities such as letters of credit, and derivative products such as swaps and options) would be adversely affected by any deterioration in the creditworthiness of the Issuer's counterparties and the ability of clients to meet their obligations. The credit quality of the Issuer's counterparties may be affected by various factors, such as an economic downturn,

lack of liquidity, or an unexpected political event. Any of these events could lead the Issuer to incur losses. In general, the Issuer aims to avoid risk concentrations in its credit portfolio and makes active use of credit protection. If the Issuer's risk management and control measures prove inadequate or ineffective, then any credit losses sustained might have a material adverse effect on both its income and the value of its assets.

Operational risk may increase costs and impact revenues

All the Issuer's businesses are dependent on its ability to process a large number of complex transactions across many and diverse markets in different currencies and subject to many different legal and regulatory regimes. The Issuer's systems and processes are designed to ensure that the risks associated with its activities, including those arising from process error, failed execution, fraud, systems failure, and failure of security and physical protection, are appropriately controlled.

However, if the Issuer's system of internal controls is ineffective in identifying and remedying such risks, the Issuer will be exposed to operational failures that might result in losses.

Legal claims may arise in the conduct of the Issuer's business

Due to the nature of the Issuer's business, the Issuer is involved in various claims, disputes and legal proceedings in Switzerland and in a number of jurisdictions outside Switzerland, including the United States, arising in the ordinary course of business. Such legal proceedings may expose the Issuer to substantial monetary damages and legal defence costs, injunctive relief and criminal and civil penalties.

Competitive forces may influence business direction

The Issuer faces intense competition in all aspects of its business. In the Issuer's various lines of business the Issuer competes, both domestically and internationally, with asset managers, retail and commercial banks, and private banking, investment banking, brokerage and other investment services firms. The Issuer faces intense competition not only from firms competing locally in particular lines of business, but also from global financial institutions that are comparable to UBS in size and breadth.

The trend towards consolidation in the global financial services industry is creating competitors with broad ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. The Issuer expects these trends to continue and competition to increase in the future. The Issuer's competitive strength will depend on the ability of its businesses to adapt quickly to significant market and industry trends.

The Issuer's global presence exposes it to other risks

The Issuer operates in over 50 countries, earns income and holds assets and liabilities in many different currencies and is subject to many different legal and regulatory regimes. Changes in local tax or legal regulations may affect the Issuer's clients' ability or willingness to do business with them. Country, regional and political risks may increase market and credit risk. Political, economic and social deterioration in a country or region, including local market disruptions, currency crises, the breakdown of monetary controls or terrorism, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign exchange or credit and, therefore, to satisfy their obligations towards the Issuer. As a truly global financial services company, the Issuer is also exposed to economic instability in emerging markets. The Issuer has a system of controls and procedures to mitigate this risk, however, if its controls failed to fully identify and respond to country risk, it might suffer a negative impact on its results and financial condition.

Effect of Credit Rating Reduction

The value of the Securities and the "principal protection" of the Notes as to the Nominal Amount at maturity is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Issuer by standard statistical rating services, such as Moody's Investors Service Limited and Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. A suspension, change or withdrawal in the rating, if any, accorded to outstanding debt securities of the Issuer by one of these rating agencies could result in a reduction in the trading value of the Securities.

Potential Conflicts of Interest

The Issuer and its Affiliates may also engage in trading activities (including hedging activities) related to the Index and other instruments or derivative products based on or related to the Index for their proprietary accounts or for other accounts under their management. The Issuer and its Affiliates may also issue other derivative instruments in respect of the Indices. The Issuer and its Affiliates may also act as underwriter in connection with future offerings of shares or other securities related to the Index or Man Investments Limited or any of its affiliates or may act as financial adviser, lender or provide other investment or commercial banking services to Man Investments Limited or any of its affiliates or funds whose shares form part of the Index. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of the Securities.

Risks relating to the Securities

Neither the Issuer nor the Index Sponsor make any guarantee or representation of any kind in relation to the performance of the Index, nor does the Issuer or the Index Sponsor guarantee that the value of the Index will increase during the term of the Securities or that any investment return will occur

Securities are Unsecured Obligations

The Securities (i) constitute direct, unconditional, and unsecured and unsubordinated obligations of the Issuer, (ii) rank equally among themselves and (iii) at the date the Securities were issued, equally with all other present and future unsecured and unsubordinated obligations of the Issuer, other than certain debts required to be preferred by law.

Certain Factors Affecting the Value and Trading Price (if any) of the Securities

The trading price of the Securities (if any) is typically expected to be less than all payments which may become due in respect of the Securities. The difference between the trading price and the payments under the Securities, will reflect, among other things, the "time value" of the Securities. The "time value" of the Securities will depend partly upon the length of the period remaining to maturity and expectations concerning the value of the Index. Securities offer hedging and investment diversification opportunities but pose risks, including with regard to interim value. The interim value of the Securities may vary with the level of the Index, as well as due to a number of other interrelated factors.

Each of the Issuer or any Affiliate may at any time purchase Securities at any price in the open market, but is not obliged to do so. Accordingly, Securityholders should be prepared to hold their Securities until maturity. In the event the Issuer or any of its Affiliates purchases Securities in a secondary market sale, it is anticipated that a purchase spread will be imposed by the Issuer or any such Affiliate as the case may be, and this spread may be up to 4% of the purchase price. Investors should note that there may be different secondary market fee arrangements for Type A and Type B Securities. This spread includes an early termination fee as determined by Man Investments Limited. The Issuer has agreed with Man Investments Limited that any such spreads shall be paid to Man Investments.

Although the Issuer may apply for the Securities to be listed on any stock exchange(s), it is not currently the intention of the Issuer to do so. In the event that any Noteholder is able to realise its investment in respect of the Securities prior to the Securities' maturity this may be at a significant discount to the Issue Price.

Before selling Securities, Securityholders should carefully consider, among other things, (i) the trading price (if any) of the Securities, (ii) the value and volatility of the Index, (iii) the time remaining to maturity, (iv) the probable range of Final Redemption Amounts or early redemption amounts, (v) any change(s) in currency exchange rates, (vi) the depth of the market or liquidity of the Securities and (vii) any related transaction costs.

Early redemption

The Securities may be redeemed early in certain circumstances including an event which constitutes an illegality, the aggregate Nominal Amount of the Securities falling to or below a certain level, a Disruption Event or an Event of Default. If the Securities are repaid early, the early redemption amount shall be an amount in CHF, EUR or USD as the case may be equal to the fair market value of a Security less a *pro rata* share of the cost to the Issuer and/or its Affiliates and/or any other party of unwinding any underlying related hedging arrangements. There is no guarantee that the amount repaid to Securityholders will be equal to or greater than the Issue Price and in some circumstances it may be considerably less.

Risks relating to the Certificates

The Certificates are not capital protected. The Final Redemption Amount at the Maturity Date may therefore be lower than the amount originally invested by investors.

Risks relating to the Index and the Index Sponsor

Investors in the Securities should conduct their own independent investigation and analysis of the Index and the Index Sponsor, as well as understand how the level of the Index affects, among other things, the Final Redemption Amount.

Reliance on the Index Sponsor

Investors in the Securities should note the high degree of reliance being placed on Man Investments Limited as Index Sponsor. Decisions of the Index Sponsor as to the composition and weightings of index constituents are likely to have a significant effect on the Index Value. In addition any failure by the Index Sponsor to determine the Index Value or any modification of the Index or certain other events in relation to the Index Sponsor may lead to a Disruption Event, allowing the Issuer to require an adjustment to the Securities or to early redeem the Securities.

The Issuer makes no representation or warranty (express or implied) as to the Index, its constituents or the Index Sponsor or its ability to perform its duties. Investors in the Securities should make their own decisions in this regard.

Locate Suitable Investment Opportunities

No assurance can be given that the Index Sponsor or any hedge funds will be able to locate suitable investment opportunities.

Factors affecting the Indices

Index Value

Investors in the Securities should be familiar with investments in global capital markets and with indices generally. Before purchasing the Securities, investors should carefully consider, among other matters, the level and volatility of the Index by reference to which the Final Redemption Amount is calculated. The Index Value is based on the value of the Index Constituents which comprise Fund Components, a Cash Component and, in the case of the Protected Indices only, a Capital Protection Component. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the assets comprising the Index and consequently the performance of the Index and returns under the Securities.

Market Volatility

Market volatility reflects the degree of instability and expected instability of the performance of the Index and the assets comprised in the Index. The level of market volatility is largely determined by the prices for

financial instruments supposed to protect investors against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

Index Costs

The Index is a notional index linked to the performance of certain Index Constituents which comprise Fund Components, a Cash Component and, in the case of the Protected Indices only, a Capital Protection Component. In addition to these main components, other elements will also be taken into account in the Index, including a currency hedging factor (in the case of the CHF and EUR Indices only), a bond hedging factor (for the Protected Indices only), a corporate action factor, an adjustment factor and certain fees. These factors may have a negative impact on the performance of the Index.

Fund Components

The Fund Components of the Index may comprise a wide range of hedge funds. Investors in the Securities should be familiar with investments in global capital markets and with funds generally. Before purchasing the Securities, investors should carefully consider, among other matters, the effect value and price volatility of Index Constituents may have on the Index and the Final Redemption Amount, and also appreciate the effect investment strategies and objectives and asset allocation of the Index and the Index Sponsor may have.

In relation to the Fund Components of the Index, Security investors should be aware that the value of fund investments may go down as well as up. Furthermore, the value of any fund investments on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any of any fund investments. Accordingly, before making an investment decision with respect to the Securities, prospective investors should carefully consider whether an investment, the return on which will depend on the price performance of fund investments, is suitable for them.

Concentration

The Indices have a high allocation to the following Fund Components: AHL Feeder Ltd Class E: MGS AHL Institutional (AHL Institutional Programme) and Man Global Quant Alpha Investments Ltd (Bayswater Macro Programme).

Short Operating History

Although any hedge funds have operating histories, those histories may be relatively short and the strategies applied may not previously have been used. Accordingly, the investment strategy of the Index Sponsor may result in an Index with Fund Components managed by hedge funds with fewer historical indicators than other fund of hedge fund portfolios. Securityholders should be aware that where there is an operating history, such history is not necessarily indicative of likely future performance.

Analytical Models

The Index Sponsor or any hedge fund may employ certain strategies which depend upon the reliability and accuracy of the Index Sponsor's or any hedge fund's analytical models. To the extent such models (or the assumptions underlying them) do not prove to be correct, the Index may not perform as anticipated, which could result in substantial losses.

Factors affecting hedge funds

Introduction

A hedge fund may trade and invest in a broad range of investment interests such as debt and equity securities, commodities, and foreign exchange and may enter into derivative transactions, including without limitation futures and options. A hedge fund may often be illiquid and may only be traded on a monthly,

quarterly or even less frequent basis. For all these reasons and those described below, investing directly or indirectly in hedge funds is generally considered to be risky.

Leverage

Hedge funds may be able to borrow without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. Leverage could have the effect of potentially increasing losses. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the hedge fund will decrease. Additionally, any event which adversely affects the value of an investment by a hedge fund would be magnified to the extent such hedge fund is leveraged. The cumulative effect of the use of leverage by a hedge fund in a market that moves adversely to such hedge fund's investments could result in a substantial loss to the hedge fund which would be greater than if the hedge fund were not leveraged. Furthermore, the use by the hedge fund of swaps and other derivatives to gain exposure to certain hedge funds will leverage the hedge fund's assets, and subject it to the risks described above.

Distressed Credits

Hedge funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the U.S. Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the hedge fund of the security in respect to which such distribution was made.

Derivatives

Certain hedge funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have a very high leverage embedded in them which can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which a hedge fund may effect derivative transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the hedge fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause a hedge fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the hedge fund has concentrated its transactions with a single or small group of counterparties. A hedge fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

Illiquid Investments

Certain hedge funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which a hedge fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Further, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded.

Short Selling

A short sale involves the sale of a security that a hedge fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the hedge fund must borrow the security, and is obligated to return the security to the lender which is accomplished by a later purchase of the security. The hedge fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases between the date of the short sale and the date on which the hedge fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Commodity Futures

Commodity futures markets are highly volatile. Hedge funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15% of the face value of the contract and exposure can be nearly unlimited). A hedge fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a hedge fund from promptly liquidating unfavourable positions and subject it to substantial losses.

Hedge Fund Compensation

A hedge fund typically provides for a performance fee or allocation to its general partner, investment adviser or person serving in an equivalent capacity over and above a basic advisory fee. Performance fees or allocations could create an incentive for a manager of a hedge fund to choose riskier or more speculative underlying investments than would otherwise be the case.

A hedge fund typically provides for costs and fees which are independent from the performance of the hedge fund. Accordingly, such costs and fees have to be paid even if the performance of the hedge fund is rather negative. Consequently, such costs and fees will reduce the value of the Index.

"Soft Dollar" Payments

In selecting brokers, banks, and dealers to effect portfolio transactions, managers of certain hedge funds may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions, their facilities, reliability and financial responsibility, as well as any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the hedge fund manager in making investment decisions, and expenses may include general overhead expenses

of the hedge fund manager. Such “soft dollar” benefits may cause a hedge fund manager to execute a transaction with a specific broker, bank or dealer even though it may not offer the lowest transaction fees.

Highly Volatile Markets

The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which hedge funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Hedge funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

Forward Trading

Hedge funds may engage in forward trading. Forward contracts unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the hedge funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a hedge fund.

Turnover

Hedge funds may invest on the basis of certain short-term market considerations. The turnover rate within the hedge funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Reliability of Valuations

Securities in which hedge funds invest are valued as determined pursuant to the hedge fund's instrument governing such valuations. As a general matter, the governing instruments of hedge funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

Other Trading Strategies

Hedge funds are generally not limited to the types of strategies they employ and may develop new strategies at any time. Therefore, certain hedge funds will employ strategies for which no specific “risk factors” are provided. Nevertheless, such strategies should be considered to be speculative, volatile and, in general, no less risky than other strategies more fully described herein.

Complex Trading Systems/Programmes

The complex trading systems/programmes which may be operated by certain hedge funds and the speed and volume of transactions invariably results in occasional trades being executed which, with the benefit of hindsight, were not required by the trading systems/programmes. Securityholders will receive the benefit or bear the loss resulting from any unintentional trades conducted in this manner.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents relating to UBS AG, acting through its London Branch, have been filed with the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht –“BaFin”) as appendices to the securities prospectus pursuant to section 5 of the German Securities Prospectus Act (Wertpapierprospektgesetz) for the issuance of “UBS Partially Capital Protected World Certificates based on the performance of a portfolio of Indices as Underlyings” dated 22 February 2007 by UBS AG, Jersey Branch, as issuer, except the quarterly report of UBS AG which has been filed with the BaFin as appendix to the securities prospectus pursuant to section 5 of the German Securities Prospectus Act (Wertpapierprospektgesetz) for the issuance of “Robein Certificates with 90 % Capital Protection based on the performance of the S&P Global Property 40 Index Price Return as Underlying” dated 7 March 2007 by UBS AG, Jersey Branch, as issuer, and are incorporated by reference in this Prospectus and/or represent an integral part of this Prospectus:

Incorporated document	Referred to in	Information
- UBS Handbook 2005/2006, in English; pages 27 – 50 (inclusive)	- Businesses Overview (page 72 of the Prospectus)	- Description of the Issuer’s business groups
- UBS Financial Report 2005, in English; pages 157 –160 (inclusive)	- Organisational Structure of the Issuer (page 73 of the Prospectus)	- Illustration of the key subsidiaries
- UBS Handbook 2005/2006, in English; pages 103 - 106 (inclusive) and 108 and pages 110 – 112 (inclusive)	- Conflicts of Interest (page 77 of the Prospectus)	- Description of the outside interests of the members of the Board of Directors and the Group Executive Board
- UBS Handbook 2005/2006, in English; pages 99 – 100 (inclusive)	- Major Shareholders of the Issuer (page 75 of the Prospectus)	- Further details on UBS shares
- UBS Financial Report 2004, in English:	- Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses (page 35 of the Prospectus)	- Financial Statements of UBS AG (Group) for the financial year 2003/2004:
(i) page 84,		(i) Income Statement,
(ii) page 85,		(ii) Balance Sheet,
(iii) pages 88 - 89 (inclusive),		(iii) Statements of Cash Flow,
(iv) pages 90 - 190 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 73 - 79 (inclusive),		(v) Accounting Standards and Policies,
(vi) page 83.		(vi) Report of the Group Auditors.
- UBS Financial Report 2005, in English:	- Financial Information concerning the Issuer’s Assets and Liabilities, Financial Position and Profits and Losses (page 35 of the Prospectus)	- Financial Statements of UBS AG (Group) for the financial year 2004/2005:
(i) page 74,		(i) Income Statement,
(ii) page 75,		(ii) Balance Sheet,
(iii) pages 78 - 79 (inclusive),		(iii) Statements of Cash Flow,
(iv) pages 80 - 190 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 65 - 70 (inclusive),		(v) Accounting Standards and Policies,

(vi) page 73.		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2004/2005:
(i) page 194,		(i) Income Statement,
(ii) page 195,		(ii) Balance Sheet,
(iii) page 196,		(iii) Statement of Appropriation of Retained Earnings,
(iv) page 197,		(iv) Notes to the Financial Statements,
(v) page 193,		(v) Parent Bank Review,
(v) pages 65 - 70 (inclusive),		(vi) Accounting Standards and Policies,
(vii) page 202.		(vii) Report of the Statutory Auditors.
The UBS AG quarterly report as of 31 December 2006 in English is incorporated in its entirety		

Following the publication of this Prospectus, but before introduction into trading, a Supplement to the Prospectus may be prepared by the Issuer and approved by the BaFin in accordance with Article 16 of the Prospectus Directive. Statements contained in any such Supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The documents incorporated by reference 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. In addition, they are published on the UBS website, at www.ubs.com/investors or a successor address.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Securities, prepare a Supplement to this Prospectus or publish a new Prospectus for use in connection with the issue of Securities.

RESPONSIBILITY STATEMENT

Each of UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4002 Basle, Switzerland, acting through its London Branch, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, as Issuer and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, as offeror of the Securities described in this Prospectus (the "Offeror"), assumes responsibility for the content of this Prospectus pursuant to section 5 (4) of the Securities Prospectus Act.

Each of the Issuer and the Offeror declare that the information contained in this Prospectus is, to the best of their knowledge, accurate, and that no information has been omitted.

Man Investments Limited ("Man") acts as Index Sponsor (the "Index Sponsor") of the Man AP Spectrum CHF Protected Index, Man AP Spectrum EUR Protected Index, Man AP Spectrum USD Protected Index, Man AP Spectrum CHF Index, Man AP Spectrum EUR Index and Man AP Spectrum USD Index (the "Indices") to which the Securities relate. The sections in this Prospectus entitled "Description of the Indices" have been provided by Man which has accepted responsibility for such sections. Man declares that they have taken all reasonable care to ensure that the information contained in the "Description of the Indices" is, to the best of their knowledge, accurate, and that no information has been omitted. There are no other facts in relation to Man or the Indices the omission of which would, in the context of the issue and offering of the Securities, make any statement in the Prospectus misleading in any material respect and all reasonable enquiries have been made by Man to ascertain such facts and verify the accuracy of the sections in this Prospectus entitled "Description of the Indices".

The Securities will initially be represented by a temporary global security (the "Temporary Global Security"), which will be delivered on or prior to the Issue Date of the Securities to a common depositary for Euroclear Bank S.A./N.V., ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream").

No person is authorised to give any information or to make any representation not contained in or not consistent with the Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with this Prospectus should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer in conjunction with their legal, business, accounting and tax advisers. No representation is made to any offeree or purchaser of any Securities regarding the legality of an investment therein by such offeree or purchaser under any applicable legal, investment or similar laws or regulations. The contents of this Prospectus are not to be construed as legal, business or tax advice. Neither this Prospectus nor any other information supplied in connection with this Prospectus constitutes an offer or an invitation by or on behalf of the Issuer or any other person to subscribe for or to purchase any Securities.

In connection with the issue of Securities or otherwise, the Issuer and/or any of its Affiliates and/or other hedging parties may acquire and/or maintain positions in relation to the Indices and/or the constituents of the Indices and/or any fund investments wholly or partially tracking the performance of the Indices but neither the Issuer nor any of its subsidiaries will have any obligation to acquire or maintain any such position.

This Prospectus does not constitute an offer, or invitation by or on behalf of the Issuer to subscribe for or purchase any Securities. The delivery of this Prospectus does not at any time

imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date thereof or that any other information supplied in connection with this Prospectus is correct as of any time subsequent to the date indicated in the document containing the same.

Investors should review, *inter alia*, the most recently published audited annual financial statements of the Issuer and, if published later, the most recently published semi-annual unaudited interim financial statements of the Issuer, when deciding whether or not to purchase any Securities.

The distribution of this Prospectus and the offering of Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions.

In this Prospectus, references to "CHF" are to Swiss francs, references to "EUR" are to Euros and references to "USD" are to United States Dollars.

FORM OF THE SECURITIES

The Securities will be in bearer form and will be initially issued in the form of a temporary global security (a **"Temporary Global Security"**) which will be delivered on or prior to the Issue Date of the Securities to a common depositary (the **"Common Depositary"**) for, Euroclear and Clearstream.

Whilst any Security is represented by a Temporary Global Security, any amounts payable in respect of the Securities prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Security only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **"Exchange Date"**) which is 40 days after the Temporary Global Security is issued, interests in such Temporary Global Security will be exchangeable (free of charge) upon a request as described therein for interests in a permanent global security (the **"Permanent Global Security"**) against certification of beneficial ownership as described above unless such certification has already been given. The holder of the Temporary Global Security will not be entitled to collect any amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Security for an interest in the Permanent Global Security is improperly withheld or refused.

Payments of any amounts on the Permanent Global Security will be made through Euroclear and/or Clearstream (against presentation or surrender (as the case may be) of the Permanent Global Security) without any requirement for certification.

The Permanent Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Securities (a) upon the occurrence of an Exchange Event or (b) at any time at the request of the Issuer. For these purposes, **"Exchange Event"** means that (i) an Event of Default (as defined in Condition 11) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Securityholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Global Security) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Securities:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Securities and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Securities.

Securities which are represented by a Global Security will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as the case may be.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer and the Agent.

A Security may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Security is still represented by a Global Security and the Global Security (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Securities and payment in full of the amount due has not been made in accordance with the provisions of the Global Security then the Global Security will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Security credited to their accounts with Euroclear and/or Clearstream as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream on and subject to the terms of the relevant Global Security.

TERMS AND CONDITIONS OF THE SECURITIES

The terms and conditions which are set out below are the Terms and Conditions which shall be attached to each Global Security (as defined below) and each Security in definitive form.

UBS AG (the "**Issuer**"), acting through its London Branch, has determined to issue the following Series of Securities (each a "**Series**") in each case linked to an Index (as defined below) on the terms of and subject to these Terms and Conditions (the "**Conditions**") which shall be deemed to constitute separate terms and conditions with respect to each Series and defined terms used in the terms and conditions shall be construed accordingly.

- (i) Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index
- (ii) Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index ((i) and (ii) together, the **CHF Notes**)
- (iii) Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index
- (iv) Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index ((iii) and (iv) together, the **EUR Notes**)
- (v) Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index
- (vi) Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index ((v) and (vi) together, the **USD Notes** and, together with the CHF Notes and the EUR Notes, the **Notes**)
- (vii) Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index
- (viii) Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index ((vii) and (viii) together, the **CHF Certificates**)
- (ix) Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index
- (x) Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index ((ix) and (x) together, the **EUR Certificates**)
- (xi) Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index
- (xii) Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index ((xi) and (xii) together, the **USD Certificates** and, together with the CHF Certificates and the EUR Certificates, the **Certificates**)

The Notes and the Certificates are collectively referred to as the **Securities**, the CHF Notes and the CHF Certificates are together referred to as the **CHF Securities**, the EUR Notes and the EUR Certificates are together referred to as the **EUR Securities** and the USD Notes and the USD Certificates are together referred to as the **USD Securities**.

References herein to the "**Securities**" shall mean:

- (a) in relation to any Securities represented by a global Security (a "**Global Security**"), units of the Nominal Amount (the "**Nominal Amount**") of Swiss francs ("**CHF**") 1 each (in the case of CHF

Securities) Euros ("**EUR**") 1 each (in the case of EUR Securities) and US Dollars ("**USD**") 1 each (in the case of USD Securities);

- (b) any Global Security; and
- (c) any definitive Securities issued in exchange for a Global Security.

In connection with the Securities, UBS AG, acting through its business group UBS Investment Bank acts as "**Agent**".

Any reference to "**Securityholders**" or "**holders**" in relation to any Securities shall mean the holders of the Securities and shall, in relation to any Securities represented by a Global Security, be construed as provided below.

The rating of the Issuer as of the Issue Date is S&P AA+ and Moody's Aa2. The Securities themselves have not been rated.

1. Form, Transfer and Title

The Securities are in bearer form and, in the case of definitive Securities, serially numbered, in the Nominal Amount.

Subject as set out below, title to the Securities will pass by delivery. The Issuer and the Agent will (except as otherwise required by law) deem and treat the bearer of any Security as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Security, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Securities is represented by a Global Security held on behalf of Euroclear Bank S.A./N.V. (1 Boulevard du Roi Albert IIB - 1210 Brussels, Belgium) ("**Euroclear**") and/or Clearstream Banking société anonyme (42 Avenue JF Kennedy, L-1855 Luxembourg), ("**Clearstream**"), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to any payment on such Securities, for which purpose the bearer of the relevant Global Security shall be treated by the Issuer and the Agent as the holder of such nominal amount of such Securities in accordance with and subject to the terms of the relevant Global Security and the expressions "**Securityholder**" and "**holder of Securities**" and related expressions shall be construed accordingly.

Securities which are represented by a Global Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, as the case may be.

References to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may be approved by the Issuer and the Agent.

2. Status

The Securities (i) constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, (ii) rank equally among themselves and (iii) at the date the Securities were issued, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer, other than certain debts required to be preferred by law.

3. Interest

These Securities do not bear or pay any interest.

4. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem each Security at the Final Redemption Amount on the Final Redemption Amount Settlement Date.

As used herein:

"Business Day" means any day which is (1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in (a) London and Zurich (in the case of CHF Securities), (b) London and New York City (in the case of USD Securities) or (c) London (in the case of EUR Securities) and (2) in the case of EUR Securities only, a TARGET Settlement Day.

"Capital Protection Component" has the meaning given in the relevant Index Description.

"Final Index Value" means, with respect to each Series, an amount in the Specified Currency equal to the Index Value in respect of the Maturity Date. In respect of the Notes, the Final Index Value in respect of the Notes shall not be less than the higher of (a) the Initial Index Value and (b) the value of the Capital Protection Component at the Maturity Date. The value of the Capital Protection Component at the Maturity Date may reflect the lock-in of certain trading profits as described in Clause 1.5.2, 2.5.2 or 3.5.2 respectively of the relevant Index Description.

"Final Redemption Amount" means, with respect to each Series, an amount in the Specified Currency equal to the product of (a) the Nominal Amount and (b) the quotient of (x) the Final Index Value (as numerator) and (y) the Initial Index Value (as denominator). Each Final Redemption Amount shall be rounded down to the nearest 0.01 of the Specified Currency.

"Final Redemption Amount Settlement Date" means, with respect to each Series, the 5th Business Day immediately following a Hypothetical Hedging Party redemption date which is determined by reference to the date on which a Hypothetical Hedging Party (in the same position as the Issuer) would have received redemption proceeds in respect of the Maturity Date from unwinding any Hypothetical Hedging Arrangements all as determined by the Calculation Agent.

"Hypothetical Hedging Arrangements" means, any hedge fund or other investment with the characteristics of a hedge fund that either by itself or when taken together with other hedge funds, a Hypothetical Hedging Party would hold, directly or indirectly, to hedge the obligations in respect of the Securities.

"Hypothetical Hedging Party" means, a person which is deemed to carry out any Hypothetical Hedging Arrangements to hedge the obligations under the Securities;

"Index Description" means in relation to a Series the description of the Index relating to such Series set out in the Schedule to these Conditions.

"Index Sponsor" has the meaning given in the relevant Index Description.

"Index Value" has the meaning given in the relevant Index Description.

"Index" means each of:

the Man AP Spectrum CHF Protected Index (the **CHF Protected Index**), which is the Index relating to the CHF Notes;

the Man AP Spectrum EUR Protected Index (the **EUR Protected Index**), which is the Index relating to the EUR Notes;

the Man AP Spectrum USD Protected Index (the **USD Protected Index**), which is the Index relating to the USD Notes;

the Man AP Spectrum CHF Index (the **CHF Index**), which is the Index relating to the CHF Certificates;

the Man AP Spectrum EUR Index (the **EUR Index**), which is the Index relating to the EUR Certificates; and

the Man AP Spectrum USD Index (the **USD Index**), which is the Index relating to the USD Certificates.

Each of the CHF Protected Index, the EUR Protected Index, the USD Protected Index, the CHF Index, the EUR Index and the USD Index is referred to separately as an **Index** (and any reference to an Index in connection with a Series shall be deemed to refer to the Index relating to such Series as set out above) in each case;

"Initial Index Value" has the meaning given in the relevant Index Description.

"Issue Price" means, in respect of each Series, 100% of the Nominal Amount of each Security;

"Maturity Date" means 31st July, 2019 for each Series. For the avoidance of doubt, no amounts will be paid to Securityholders on the Maturity Date.

"Payment Day" means any day which is (1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in (a) the relevant place of presentation, London and Zurich (in the case of CHF Securities), (b) the relevant place of presentation, London and New York City (in the case of USD Securities) or (c) the relevant place of presentation and London (in the case of EUR Securities) and (2) in the case of EUR Securities only, a TARGET Settlement Day.

"Specified Currency" means CHF in the case of CHF Securities, EUR in the case of EUR Securities and USD in the case of USD Securities.

"TARGET Settlement Day" means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is open.

(b) Early Redemption

The Issuer may at any time redeem a Series in full on giving notice to the Securityholders if it determines that, with respect to such Series:

- (i) it is or will become unlawful for it to carry out all or any of its obligations under the Securities for any reason including, without limitation, as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive or with any requirement or request of any government, administrative, legislative or judicial authority; or
- (ii) at any time the aggregate Nominal Amount of the Securities outstanding (including any Securities held by the Issuer and/or any of its Affiliates) is equal to or less than CHF 10,000,000 (in the case of the CHF Securities) EUR 10,000,000 (in the case of the EUR Securities) or USD 10,000,000 (in the case of the USD Securities).

In such circumstances, the Issuer shall pay to the Securityholders in respect of each Security the fair market value of such Security taking into account, if applicable, the relevant illegality less a *pro rata* share of the cost to the Issuer and/or any Hedging Party of unwinding any underlying related hedging arrangements, all as determined by the Issuer acting in good faith and in a commercially reasonable manner.

As used herein:

"Affiliate" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer;

"Control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly; and

"Hedging Party" means any subsidiary or Affiliate of the Issuer or any other relevant party which carries out any hedging arrangements on behalf of or for the benefit of the Issuer in relation to its obligations under the Securities.

The Securities are also subject to early redemption as described in Condition 5(b) and Condition 11 below.

(c) Purchase

The Issuer may at any time purchase Securities in the open market or otherwise at any price. Securities purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered for cancellation.

(d) Cancellation

All Securities so purchased and surrendered for cancellation will be cancelled and may not be re-issued or resold.

5. Disruption Events

The following shall constitute disruption events ("**Disruption Events**") with respect to a Series, as determined by the Issuer acting in good faith and in a commercially reasonable manner:

- (i) Any arrangement between the Issuer or any Hedging Party and the Index Sponsor is changed to the material detriment of the Issuer;
- (ii) Any material adverse change in the tax or regulatory environment of the Issuer or any Hedging Party, or any component of the Index including the Fund Components and including, without limitation, in the case of the Issuer or any Hedging Party any change (i) imposing on the Issuer and/or any Hedging Party, any reserve, special deposit, or similar requirement or modifying any such requirement; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any Hedging Party in connection with any hedging arrangements carried out by the Issuer and/or any Hedging Party in relation to the Securities or modifying any such requirement;
- (iii) Any event which materially prevents, hinders or impairs (including, without limitation as a result of increased costs to the Issuer and/or any Hedging Party) the Issuer and/or any Hedging Party's ability to conduct hedging activities in relation to the Securities and/or other financial products providing exposure to the Index (such activities, the **"Issuer's Hedging Activities"**) ;
- (iv) If the Index Sponsor makes or announces that it will make a material change in the formula or method of calculating the Index or in any other way materially modifies the Index (other than a routine modification in Index Constituents (as defined in the relevant Index Description) or their weights);
- (v) The Index Sponsor fails to calculate and publish the Index Value for 20 Index Business Days (as defined in the relevant Index Description), starting on a day on which the Index Sponsor is due to publish the Index, in accordance with the relevant Index Description or any agreement with the Issuer;

- (vi) The Index, for whatever reason, is cancelled or is not calculated and published any longer by the Index Sponsor and no successor Index or Index Sponsor, as the case may be, acceptable to the Issuer exists, nor is it possible, for whatever reason, to designate a substitute Index reasonably acceptable to the Issuer;
- (vii) A change in asset allocation within the Index, whether in strategy or style or choice of Index Constituents including the Fund Components which would breach the Composition Obligations (as defined in the relevant Index Description);
- (viii) Any substitution of Index Sponsor which adversely impacts, or may so impact, upon the Issuer's Hedging Activities provided that where the Issuer has been approached by the Index Sponsor with regard to the appointment of a successor Index Sponsor and has been given all appropriate information on such successor Index Sponsor, the Issuer must take reasonable account of such information to the extent it reasonably deems it relevant;
- (ix) Any winding-up or liquidation of the Index Sponsor, or any material termination or any loss of regulatory approval, licence or registration of, the Index Sponsor;
- (x) Any review or investigation of the activities of the Index Sponsor, by a relevant regulator, in connection with suspected or alleged wrongdoing or breach of any rule or regulation, or other similar reason, resulting in disciplinary action taken by such regulator in consequence thereof and the Issuer in good faith asserts that its reputation may be adversely affected by such suspicion, allegation or by the disciplinary action taken by the relevant regulator or any public consequence of any of these; or
- (xi) an event or circumstance (including, without limitation, a systems failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any other similar circumstances) occurs which prevents or otherwise affects the ability of the Issuer and/or the Calculation Agent to carry out all or any of its obligations under the Securities.

In the event of an occurrence or possible occurrence of a Disruption Event with respect to a Series, the Issuer acting in good faith and a commercially reasonable manner may take the action described in (a) or (b), subject as further provided below:

- (a) require the Calculation Agent to determine the appropriate adjustments, if any, to be made to any of the Conditions, to account for or reflect the Disruption Event and its effect (including on the Issuer and/or any Hedging Party) and determine the effective dates of that adjustments; and/or
- (b) redeem such Series of Securities by giving notice to Securityholders in accordance with Condition 18. If the relevant Securities are so redeemed the Issuer will pay to each Securityholder in respect of each Security held by him an amount equal to the fair market value of a Security taking into account or reflecting the Disruption Event and its effect (and this may include determining an adjustment or reduction of the fair market value which would otherwise apply to reflect any reduction in the value of the assets held by the Issuer and/or any Hedging Party in connection with any Issuer's Hedging Activities and the relevant Disruption Event and/or any delay in the ability of the Issuer and/or any Hedging Party to realise any such assets) less the Costs to the Issuer and/or any Hedging Party of unwinding any Issuer's Hedging Activities, all as determined by the Issuer acting in good faith and a commercially reasonable manner. Payment will be made in such manner as shall be notified to Securityholders in accordance with Condition 18.

Any adjustment pursuant to (a) above may include, without limitation, (i) determining a delay and/or (ii) an adjustment to or a reduction of any payment(s) under the Securities (and this may include providing for instalment payments), which in each case may be made to reflect any delay in the Issuer and/or any Hedging Party being able to unwind, realise or receive payments in respect of any Issuer's Hedging Activities.

As used above "Costs" means any direct or indirect losses, expenses or costs incurred or suffered by the Issuer and/or any Hedging Party in connection with unwinding any Issuer's Hedging Activities and this

may include any amount of execution fees, subscription fees, commissions, clearing or custody charges, taxes, duties, withholdings, levies, unwind or breakage costs or other fees or expenses of any kind.

6. Payments

- (a) Subject as provided below, all payments in respect of the Securities will be made by the Agent on behalf of the Issuer by credit or transfer to an account in the Specified Currency, the account in each case to be specified by the payee. Payments to Euroclear and/or Clearstream will be made in accordance with the rules of such clearing system.
- (b) Payments in respect of definitive Securities will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Securities at the specified office of the Agent, subject to any fiscal or other laws and regulations applying in the place of payment, but without prejudice to the provisions of Condition 7 below.
- (c) Payments in respect of Securities represented by any Global Security will (subject as provided below) be made in the manner specified above in relation to definitive Securities and otherwise in the manner specified in relation to the relevant Global Security against presentation or surrender, as the case may be, of such Global Security at the specified office of the Agent. A record of each payment made against presentation or surrender of any Global Security will be made on such Global Security by the Agent and such record shall be *prima facie* evidence that the payment in question has been made.
- (d) The holder of a Global Security shall be the only person entitled to receive payments in respect of Securities represented by such Global Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream as the beneficial holder of a particular nominal amount of Securities represented by such Global Security must look solely to Euroclear or Clearstream, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Security.
- (e) If the due date for a payment in connection with the Securities (or any later date on which the Security is presented for payment) is not a Payment Day, the Securityholders are not entitled to payment until the next following Payment Day nor to any interest or other payment for any delay.
- (f) In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any amount payable in respect of the Securities.
- (g) In respect of each Security, all Securityholder Expenses (as defined in Condition 7) in respect thereof shall be for the account of the relevant Securityholder and no payment in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid or deducted to the satisfaction of the Issuer.
- (h) Redemption of the Securities is subject to all applicable laws, regulations and practices in force on the due date for redemption of the Securities and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agent shall under any circumstances be liable for any acts or defaults of any of Euroclear and/or Clearstream in relation to the performance of its duties in relation to the Securities.

7. Taxation and Securityholder Expenses

All payments in respect of the Securities are subject to all applicable fiscal and other laws and regulations, including laws requiring the deduction or withholding of tax. A Securityholder must pay any tax, duty, charges, withholding or other payment that may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any of its Securities ("**Securityholder Expenses**"). The Issuer

may withhold or deduct from any amount payable to the Securityholders the amount necessary to pay any Securityholder Expenses.

8. Calculations

The calculation agent (the "**Calculation Agent**" which expression shall include any successor) under the Securities is UBS AG, acting through its London Branch. The Calculation Agent has no responsibility for good faith errors or omissions in any calculations and determinations required under the Security. All determinations and calculations of the Calculation Agent in respect of the Securities shall be made in good faith and a commercially reasonable manner and shall, absent manifest error, be final and binding on the Securityholders. In making any determination the Calculation Agent shall have regard to such information or source(s) as it may deem appropriate.

9. Meetings of Securityholders, Invalidity and Modification

- (a) In respect of each Series, each Global Security and any Security in definitive form contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the modification by extraordinary resolution of the Conditions or the provisions of the Securities. The quorum at any meeting for passing an extraordinary resolution will be one or more persons present holding or representing a clear majority in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons present whatever the nominal amount of the Securities held or represented by him or them, except that at any meeting, the business of which includes the modification of certain of the Conditions the necessary quorum for passing an extraordinary resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the aggregate nominal amount of the Securities for the time being outstanding. An extraordinary resolution passed at any meeting of the Securityholders will be binding on all Securityholders, whether or not they are present at the meeting.
- (b) Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.
- (c) The Issuer may agree with the Agent to modify the Conditions and/or the Securities without the consent of the Securityholders in any manner which the Issuer may deem necessary or desirable provided that such modification (i) is not materially prejudicial to the interest of the Securityholders (ii) or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision or (iii) such modification is to reflect any appointment of a successor or further Agent or a paying agent in relation to the Securities. Notice of any such modification will be given to the Securityholders in accordance with Condition 18 but failure to give, or non-receipt of, such notice will not affect the validity of such modifications.

10. Prescription

The Securities will become void unless presented for payment within a period of ten years from the Relevant Date.

"Relevant Date" means the later of (a) the date on which such payment first becomes due and (b) if the full amount of the moneys payable has not been received by the Agent on or prior to such date, the date on which the full amount of such moneys having been received, notice to that effect shall be duly given in accordance with Condition 18.

11. Events of Default

In respect of a Series, the following events shall constitute an **"Event of Default"** for the purposes of the Securities:

- (i) there is a default for more than 30 days in the payment of any amount due in respect of the Securities; or
- (ii) there is a default in the performance by the Issuer of any other obligation under the Securities which is incapable of remedy or which, being a default capable of remedy, continues for 60 days after written notice of such default has been given by any Securityholder to the Issuer; or
- (iii) any order shall be made by any competent court or other authority or resolution passed by the Issuer for the dissolution or winding-up of the Issuer or for the appointment of a liquidator, receiver, administrator or manager of the Issuer or of all or a substantial part of their respective assets, or anything analogous occurs, in any jurisdiction, to the Issuer, other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger; or
- (iv) the Issuer shall stop payment or shall be unable to, or shall admit to creditors generally its inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangements with its creditors generally.

If an Event of Default in relation to the Securities shall have occurred and be continuing, any Securityholder may, at such Securityholder's option, declare each Security equal to the Nominal Amount held by the Securityholder to be forthwith due and payable at its fair market value (as determined by the Calculation Agent but for these purposes no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to fully perform its obligations in respect of the Securities when due) without presentation, demand, protest or other notice of any kind, by written notice to the Issuer at its specified office.

12. Further Issues

In respect of any Series, the Issuer may, from time to time, without the consent of the Securityholders, create and issue further Securities so that the same shall be consolidated and form a single series with these Securities but upon such terms as to Issue Price and otherwise as the Issuer may determine. Such Further Issues will require a new prospectus which will need to be approved by the BaFin.

13. Substitution

(a) Substitution of the Issuer

The Issuer, or any previously substituted company may, at any time, without consent of the Securityholders, substitute for itself as principal obligor under the Securities, any company being an Affiliate of the Issuer (the **"New Issuer"**), provided that: (i) the New Issuer must assume all obligations of the Issuer to the Securityholders under the Securities; (ii) the New Issuer must at all times after the substitution have obligations to Securityholders under any Securities guaranteed by UBS AG, London Branch as original Issuer; (iii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the New Issuer have been taken, fulfilled and done and are in full force and effect; (iv) the Issuer and the New Issuer have executed such other agreements and documents as the Issuer deems necessary in order that such substitution is fully effective; and (v) at the time of such substitution the New Issuer has a credit rating which is at least equal to the long term credit rating of UBS AG as the original Issuer at such time by any of Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Services Limited or any other reputable international rating service selected by the Issuer acting in good faith and a commercially reasonable manner.

Upon compliance with this Condition, the Issuer will be relieved of its obligations under the Securities and any reference in these Conditions to the Issuer will be construed as a reference to

the New Issuer. In the event of any further substitutions, the provisions of this Condition shall apply to such further substitution. Notice of any substitution shall be given in accordance with Condition 18.

In connection with any exercise by the Issuer of the right of substitution, the Issuer is not obliged to have regard to any of the consequences suffered by individual Securityholders as a result of the exercise by the Issuer of the right of substitution, including any consequences resulting from the Securityholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Securityholder is entitled to claim from the Issuer any indemnification or repayment in respect of any consequence suffered by the Securityholders as a result of the exercise by the Issuer of the right of substitution.

(b) Substitution of Branch

The Issuer shall have the right upon notice to the Securityholders in accordance with Condition 18 to change the branch through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

14. Replacement of the Securities

If any Security is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Agent (or such other place of which notice shall have been given in accordance with Condition 18) upon payment by the claimant of any costs incurred in replacing it and on any terms as to evidence and indemnity as the Issuer reasonably requires. If any Security is mutilated or defaced it must be surrendered before a new one will be issued.

15. Governing Law

- (a)** The Securities are governed by and shall be construed in accordance with English law.
- (b)** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities and accordingly any legal action or proceedings arising out of or in connection with the Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Securityholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c)** The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to it at 1 Finsbury Avenue, London EC2M 2PP or at any other address of the Issuer in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing herein shall affect the right to serve process in any other manner permitted by law.

16. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Securities, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. Agent

The Issuer may at any time vary or terminate the appointment of the Agent and appoint other or additional agents or paying agents. The Issuer must give the Securityholders notice of termination or appointment and of changes in the specified office of the Agent in accordance with these Conditions.

The Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any of the Securityholders.

18. Notices

(a) To the Issuer

A Securityholder may give any notice to the Issuer by delivering the notice in writing to the Issuer at 1 Finsbury Avenue, London EC2M 2PP (Attn: Equity Operations) or any other address the Issuer notifies to the Holders in accordance with these Conditions. Such notice shall be deemed received when so delivered.

(b) To the Securityholders

All notices regarding the Securities will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Securities are issued, there may, as long as any Global Securities representing the Securities are held in their entirety on behalf of Euroclear and/or Clearstream be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream for communication by them to the holders of the Securities and, in addition, for so long as any Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Securities on the day on which the said notice was given to Euroclear and/or Clearstream.

Specified office of the Issuer and Agent

**UBS AG, London Branch
1 Finsbury Avenue
London
EC2M 2PP**

SCHEDULE

DESCRIPTION OF THE INDICES

1. MAN AP SPECTRUM CHF PROTECTED INDEX

The following sets out the current Index Description as of 20 March 2007. The Index Description is subject to change from time to time.

1.1 General Description of the Index

The Index is a capital protected CHF denominated index which primarily mirrors the (notional) performance of hedge funds and of a zero coupon bond and a cash balance. The construction of the Index will ensure that the Index Value on Maturity Date will equal or exceed the Initial Index Value. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components. The Index Value shall never be negative.

To achieve this, the Index will comprise, at any time, the following weighted constituents: (i) certain Fund Components, provided that these Fund Components meet the Composition Obligations, (ii) a Capital Protection Component and (iii) a Cash Component. The Cash Component can be positive or negative. Initially the Index will be exposed to 6 Fund Components.

In addition to these Index Constituents, which are included in the Index with the weightings assigned to them by the Index Sponsor, other elements will also be taken into account in the Index, that is, *inter alia*, a bond hedging factor, a currency hedging factor, a corporate action factor and an adjustment factor.

The Index is composed and calculated by the Index Sponsor. The Index Sponsor selects components for the Index as set out below and will launch the Index as of the Initial Index Date at the Initial Index Value of CHF 1. Following the Initial Index Date, the Index Sponsor will review the composition of the Index and the weightings of the Index Constituents within the Index on an ongoing basis and in accordance with this Index Description. The inclusion and weighting of the Capital Protection Component in the Index will ensure that the Index Value on the Maturity Date will equal or exceed the Initial Index Value. The weighting of any Index Constituent indicates the investment exposure of the Index to that Index Constituent. The sum of all the Fund Components' weightings corresponds to the total investment exposure of the Index to its Fund Components. The Index will start with an initial investment exposure to the Fund Components of approx. 110% of the Initial Index Value.

Subject to a positive performance, the total investment exposure to the Fund Components will be increased to or maintained at the targeted investment exposure of 150% of the then applicable Index Value. Additionally, and subject to there being an investment exposure of 150% of the then applicable Index Value, the Index Sponsor may increase the weighting of the Capital Protection Component such that the level of capital protection at the Maturity Date will be increased above 100% of the Initial Index Value at the Maturity Date. Following its initial composition, subject to section 1.5, the ongoing calculation of the Index is made by the Index Sponsor as of the Index Valuation Date on the Index Calculation Date. Index Values can be found on the Bloomberg page "CPMACHF Index".

1.2 Fees

The Index Value will be adjusted to take account of the following deductions (unless otherwise stated the amounts set out below are annual rates that will accrue and be deducted from the Index Value every month):

- a management fee for the composition and rebalancing of the Index of 1.0% multiplied by the sum of the weightings of all Fund Components as of the respective Index Valuation Date, calculated by reference to the Index Value as of the respective Index Valuation Date;

- a calculation fee for the calculation of the Index of 1.0%, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a capital protection fee of 0.45% of the Initial Index Value;
- a set-up and maintenance fee of up to 0.75% of the Initial Index Value for the first year and up to 0.35% of the Initial Index Value thereafter;
- a leverage fee equal to One-Month USD LIBOR plus a spread of up to 2%, charged on any negative allocation in the Cash Component; and
- an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

In addition, the Fund Components may incur management fees at a rate of up to one-twelfth of 2% per month (approximately 2% per annum) of the investment exposure allocated to such Fund Component (i.e. the weighting of the Fund Component as determined by the Index Sponsor). A monthly incentive fee of up to 20% may also be charged based on the net increase in value attributable to each such Fund Component. In some cases, incentive fees may only be payable if the net increase in value exceeds a target or hurdle rate of return or exceeds a previously attained value for such Fund Component. Incentive fees may also be charged prior to the deduction of certain fees and expenses. Management fees and incentive fees will be calculated separately for each Fund Component and without set-off or averaging between Fund Components. All or a portion of these fees may be received by the Index Sponsor or its affiliates. In addition, the Fund Components may bear all costs and brokerage commissions associated with trading transactions which will include an introducing broker fee, payable to the Index Sponsor or its affiliates for an amount of up to 1% per annum of the respective investment exposure.

1.3 Definitions

For the purposes of this index description the following terms shall, unless expressly otherwise defined, have the following meanings:

"AF_t" means an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

"Applicable Rate" means the zero-coupon interest rate for the period from the applicable Index Valuation Date to the Maturity Date, which rate shall be based on the prevailing swap market rates (such rates to be determined by the Calculation Agent at its absolute discretion but in good faith and in a commercially reasonable manner).

"BH_t" represents a notional interest rate hedging transaction at time "t". This bond hedging factor will be applied to replicate a notional hedging of the interest rate exposure an actual holder of the Capital Protection Component would enter into. BH_t shall be calculated according to the following formula:

$$BH_t = (SR_t - SR_{t-1}) \times D_{t-1} \times W_{CPC(t)} \times BHR_t$$

"BHR_t" means an interest rate hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional interest rate hedging transaction the Index Sponsor would enter into and the interest rate exposure in respect of the Capital Protection Component during month "t".

"CAF_t" means a factor determined by the Index Sponsor at its reasonable discretion to take into account corporate actions or valuation corrections of the Fund Components as reported by the administrator of the relevant Fund Component at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such event.

"Calculation Agent" means UBS AG, London Branch.

"Capital Protection Component" means a notional investment in units and/or fractions of units of the equivalent of an investment in a UBS AG zero coupon bond repaying CHF 1 on the Maturity Date and which price on any Index Valuation Date is determined by the Calculation Agent at the Applicable Rate.

"Cash Component" means a notional cash balance which can be positive, negative or zero. The Index Sponsor aims to keep the positive cash balance reasonably low. In order to maintain and/or achieve the targeted investment exposure of 150% of the then applicable Index Value, the negative cash balance may be significant.

"CF" means a notional monthly calculation fee for the composition, calculation and rebalancing of the Index and corresponds to 1/12 of 1.0%.

"CHF" means the legal currency of Switzerland.

"CH_t" represents a notional currency hedging transaction at time "t". This currency hedging factor will be applied in order to replicate a notional hedging of the currency exposure an actual holder of the Fund Components would enter into in respect of Fund Components that are not denominated in CHF. CH_t shall be calculated according to the following formula:

$$CH_t = \left[\left(\frac{1 + \text{One - Month CHF LIBOR}_{t-1} / 12}{1 + \text{One - Month USD LIBOR}_{t-1} / 12} - 1 \right) - P_{FXt} \right] \times (1 - W_{CPC(t)}) \times CHR_t$$

"CHR_t" means a currency hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional currency hedging transaction the Index Sponsor would enter into and the currency exposure during month "t".

"Composition Obligations" means the following obligations the Index Sponsor will take into account when composing and rebalancing the Fund Components:

- (a) There shall be no less than 5 Fund Components and no more than 40 Fund Components at any time.
- (b) No Fund Component shall exceed 33% of the sum of the weightings of all Fund Components on the Initial Index Date and on any subsequent Index Valuation Date.
- (c) The sum of the weightings of all Fund Components will have a maximum target of 150% of the Index Value at any time.
- (d) Three months prior to the Maturity Date the Index Sponsor reserves the right to reduce the weightings of all Fund Components to 0% in favour of the Cash Component.

"CPC_t" means the price of the Capital Protection Component as determined by the Calculation Agent on the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t".

"CPF" means a notional monthly capital protection fee a guarantor would charge for guaranteeing the repayment of the Initial Index Value at Maturity and corresponds to 1/12 of 0.45% of the Initial Index Value.

"**CU_{it}**" means the Cash Usage of the Fund Component "i" at time "t" which corresponds to the percentage level to which the notional exposure of the Fund Component "i" is cash funded at time "t" on the respective Index Valuation Date as determined by the Index Sponsor.

"**D_t**" means the modified duration of the Capital Protection Component as determined by the Index Sponsor on an Index Calculation Date.

"**Derivatives**" means financial instruments whose characteristics and values depend upon the characteristics and values of an underlying instrument or asset, typically commodities, bonds, equities or currencies.

"**Fund Components**" mean (i) AHL Feeder Ltd Class E: MGS AHL Institutional (AHL), (ii) Man Global Quant Alpha Investments Ltd (Bayswater), (iii) Man Arbitrage A NF Style Series (Man Global Strategies), (iv) Man Directional A NF Style Series (Man Global Strategies), (v) Man Equity Hedge A NF Style Series (Man Global Strategies) and (vi) Man Long/Short Equities A NF Style Series (Man Global Strategies) and any other Units in Investment Vehicles that may be added by the Index Sponsor to the Index to reflect market developments (preceding Fund Components have been listed with their legal name followed by the respective manager in brackets).

"**Index**" means the Man AP Spectrum CHF Protected Index.

"**Index₀**" shall be 1.

"**Index Business Day**" means any calendar day (other than Saturday or Sunday) on which banks and stock exchanges are open for business in Bermuda, Dublin, London, New York, Jersey and Zurich and "Index Business Days" shall be construed accordingly.

"**Index Calculation Date**" means any Index Business Day no later than twenty-two Index Business Days after the Index Valuation Date.

"**Index Constituents**" means the Fund Components, the Capital Protection Component and the Cash Component.

"**Index₀^{Net}**" shall be 1.

"**Index_t^{Net}**" means the Index Value in CHF as calculated at the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t" by the Index Sponsor according to the following formula:

$$\text{Index}_t^{\text{Net}} = \text{Index}_{t-1}^{\text{Net}} \times \frac{\text{Index}_t}{\text{Index}_{t-1}} \times (1 - \text{MF} - \text{CF}) - \text{CPF} - \text{SMF} - \text{AF}_t$$

"**Index Sponsor**" means Man Investments Limited, Sugar Quay, Lower Thames Street, London EC3R 6DU, England as the entity composing and calculating the Index or any successor of it.

"**Index_t**" is calculated according to the following formula:

$$\text{Index}_t = \text{Index}_{t-1} \times \left(1 + \sum_{i=1}^n (W_{it} \times P_{it}) + (1 - W_{CPC(t)}) \times P_{FXt} + \text{CH}_t + \text{BH}_t + \text{CAF}_t \right)$$

"**Index Valuation Date**" means the last calendar day of each month.

"**Index Value**" means the value of **Index_t^{Net}** as calculated and published by the Index Sponsor on an Index Calculation Date for the preceding Index Valuation Date.

"**Initial Index Date**" being 15 August 2007 as the inception date of the Index.

"**Initial Index Value**" means CHF 1.

"**Investment Vehicles**" means investment funds, fund-type investment instruments (in particular collective investment schemes, investment companies, limited partnerships and trusts) and managed securities accounts that pursue a variety of alternative investment strategies

"**London Business Day**" is a calendar day on which banks in London are open for business.

"**Maturity Date**" means 31 July 2019.

"**MF**" means a notional monthly management fee for the composition and rebalancing of the Index and corresponds to 1/12 of 1.0% times the sum of the weightings of all Fund Components as of the respective Index Valuation Date.

"**MFPP_{i,t}**" means a management, brokerage and performance fee adjustment factor reflecting the fact that for some of the Fund Components comprising the Index the management, brokerage and performance fee outlined under section 1.2 are not charged or only partly charged at the Investment Vehicle level and therefore an adjustment factor has been introduced to mirror those fees in the Index calculation. However, whenever the applicable management and performance fee are fully charged at the respective Fund Component's level MFPP_{i,t} will be equal to one given that no adjustment is required.

"**n**" means the number of Index Constituents within the Index.

"**NAV_{i,t}**" means the net asset value of the Fund Component "i" at time "t" per Unit, on the respective Index Valuation Date, as determined by the administrator of the relevant Fund Component in each case net of all taxes which would be applicable to an actual holder of Units in such Fund Component and which, in the opinion of the Index Sponsor, shall be relevant for that purpose. If in respect of the Fund Component "i" neither a management fee nor a performance fee has been charged for the time period ending on the Index Valuation Date and starting on the preceding Index Valuation Date, the NAV_{i,t} as determined by the administrator shall be adjusted by the Index Sponsor to reflect such fees. The management fee shall be charged and calculated at a rate of up to one-twelfth of 2% per month on NAV_{i,t}. A monthly incentive fee of up to 20% shall also be charged based on the net increase in NAV_{i,t}. The incentive fee will only be payable if the net increase in value exceeds a previously attained value of NAV_{i,t}. NAV_{i,t} shall be rounded according to commercial conventions to four decimal places.

If NAV_{i,t} for a Fund Component is not available on an Index Calculation Date for the relevant Index Valuation Date, the Index Sponsor may, for the purposes of calculating and rebalancing the Index and with regard to the then prevailing market conditions, determine the Index Value on the basis of an unofficial NAV_{i,t} of that Fund Component as of the relevant Index Valuation Date or any other value of that Fund Component, estimated at its reasonable discretion.

"**One-Month CHF LIBOR_{t-1}**" means the 1 month CHF LIBOR fixing as set forth on Bloomberg page "SF0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"**One-Month USD LIBOR_{t-1}**" means the 1 month USD LIBOR fixing as set forth on Bloomberg page "US0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"**P_{FX,t}**" means the performance of the USD/CHF exchange rate in the month "t", calculated according to the following formula:

$$P_{FX,t} = \frac{USDCHF_t - USDCHF_{t-1}}{USDCHF_{t-1}}$$

"**P_{i,t}**" means the performance of (i) each of the Fund Components, (ii) the Capital Protection Component or (iii) the Cash Component in the month "t".

The performance of each of the Fund Components in the month "t" will be calculated according to the following formula:

$$P_{i,t} = CU_{i,t-1} \times MFPE_{i,t-1} \times \frac{NAV_{i,t} - NAV_{i,t-1}}{NAV_{i,t-1}}$$

The performance of the Capital Protection Component in the month "t" will be calculated according to the following formula:

$$P_{i,t} = \frac{CPC_{i,t} - CPC_{i,t-1}}{CPC_{i,t-1}}$$

The Cash Component will perform during the month t at One-Month USD LIBOR_{t-1} if a positive cash balance applies while at One-Month USD LIBOR_{t-1} plus a spread of up to 2% in the case of a negative cash balance.

"**SMF**" means a notional set-up and maintenance fee and corresponds to 1/12 of up to 0.75% of the Initial Index Value for the first 12 Index Valuation Dates and up to 1/12 of 0.35% of the Initial Index Value thereafter.

"**Substantial Portion**" shall mean a proportion that would have a material impact on determining the value of the Index, and which proportion and materiality shall be determined in the reasonable discretion of the Index Sponsor.

"**SR_t**" means the 10 year CHF Swap Rate as set forth on Bloomberg page "SFSW10 Curncy" on the preceding Index Valuation Date if D_t is more than 7.5 years on the Index Calculation Date. In all other cases SR_t corresponds to the 5 year CHF Swap Rate as set forth on Bloomberg page "SFSW5 Curncy" on the preceding Index Valuation Date.

"**Unit**" means any kind of participation in an Investment Vehicle irrespective of the legal structure thereof.

"**USD**" or "**Dollars**" means the legal currency of the United States of America.

"USDCHF_t" means the currency exchange rate between USD and CHF as set forth on Bloomberg page "USDCHF Curncy" for the last London Business Day of month t based on the mid price.

"**W_{i,t}**" means the notional weighting exposure assigned to each of the Fund Components, the Capital Protection Component ("**W_{CPC}**") or the Cash Component by the Index Sponsor which applies to the month "t". The maximum target aggregate weight of the Fund Components will be 150% of the Index Value at any time.

1.4 Composition of the Index

The Index will comprise from time to time, weighted exposure to each of the Fund Components, the Capital Protection Component and the Cash Component, as determined by the Index Sponsor. The Fund Components will be composed in accordance with the Composition Obligations.

The methodology to compose and calculate the Index may be subject to modifications or changes as a consequence of market, regulatory, legal, financial or fiscal circumstances. Following the initial composition of the Index, subject to the objective of the Index set out in section 1 and the Composition Obligations, the Index Sponsor in its own discretion will adjust the composition of the Index from time to time. This may be done by one or a combination of (i) adjusting the weights of the Capital Protection Component and/or the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the

Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components.

The Fund Components selected by the Index Sponsor on the Initial Index Date will give, directly or indirectly, exposure to the following trading programmes and styles:

- AHL Institutional Programme (Managed futures)
- Bayswater Macro Programme (Directional)
- Arbitrage
- Directional
- Equity hedge
- Long/short equities

The above list is not comprehensive and the Index Sponsor may select Fund Components applying investment approaches other than those outlined above.

Brief descriptions of these trading programmes and styles are provided below. These descriptions may change over time due to developments in the hedge funds market.

Introduction to AHL and Bayswater

Both AHL and Bayswater share the philosophy that financial markets are efficient. Both managers apply non-discretionary models to capitalise on these inefficiencies. The managers continually research new markets and strategies and constantly refine their trading models to maintain their competitive advantage.

However, while sharing certain characteristics, they seek to generate alpha in fundamentally different ways. AHL uses technical analysis – exclusively based on historical data - to identify opportunities to profit from price movements, taking advantage of strong market trends and exploiting inefficiencies in global financial markets. Bayswater uses fundamental analysis – exclusively forward looking - to capture relative value price differentials, prices returning to fair value (mean reversion) in developed financial markets.

The two managers also trade in a different number of markets over varying time horizons and frequencies. AHL generally makes a large number of trades, sometimes on a daily basis, in a wide range of markets around the world, while Bayswater tends to trade less frequently in a far smaller range of highly-liquid, developed markets.

The AHL Institutional Programme and the Bayswater Macro Programme seek to capture profits at different points of a market cycle, meaning the two approaches should have relatively low correlation over the medium term.

The AHL Institutional Programme

Strong performance

The AHL Institutional Programme trades 24 hours a day using real-time price information to respond to price movements across a diverse range of global markets encompassing stock indices, bonds, currencies, short-term interest rates and commodities. The instruments traded are primarily futures contracts and foreign exchange and metal forwards.

Robust investment management

AHL's investment approach stresses diversification, risk management, efficiency and research. Diversification is achieved across sectors, markets systems and strategies.

The AHL Institutional Programme market exposures¹

1	Currencies	26.4 %
2	Bonds	21.5 %
3	Energies	19.2 %
4	Stocks	15.5 %
5	Interest rates	9.4 %
6	Metals	8.1 %

Risk management

¹ The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The figures are based on estimates of the risk of each sector at 31 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

AHL's approach to risk management emphasises the importance of deploying investment capital across the full range of sectors and markets. The main factors that determine asset allocations to different sectors and markets are:

- correlations between markets and sectors;
- expected returns;
- trading costs; and
- liquidity.

Also central to AHL's risk management is:

- ongoing risk measurement backed by sophisticated analytical instruments and systems;
- analysing and modifying market and sector exposures in line with real time changes in the volatility or risk of individual markets; and
- daily stress-testing of portfolios to ensure portfolio robustness, using current market positions and historical price data back to 1980.

Efficiency

AHL is distinguished by the strength of its investment infrastructure. Investment in the latest computer technology is substantial, and the benefits from this infrastructure flow through into greater trading efficiencies.

The trade execution team operates on a non-discretionary basis, 24 hours a day, alongside the investment management team in London. This team continually monitors market volume, liquidity, brokerage and trade execution to ensure optimum efficiency and best value trading costs.

Pioneering research

AHL employs 48 leading industry professionals who work at the cutting edge of the investment management industry. This team conducts sophisticated research into every aspect of the investment management process.

Continuing its pioneering research is central to AHL's ability to extract efficiency gains and extend the range and versatility of its investment techniques into new areas, taking into account developments in global markets.

AHL introduces new techniques, strategies and markets into the AHL Institutional Programme to capture additional profit opportunities and increase the diversification and overall robustness of the portfolio. AHL does this in a disciplined manner, following detailed statistical analysis, rigorous testing and live trading using proprietary capital.

The Bayswater Macro Programme

The Bayswater Macro Programme evaluates fundamental data (e.g. interest rate levels and other indicators of economic conditions) in a quantitative way to determine if developed equity, bond and currency markets are undervalued or overvalued. It then takes correspondingly long or short position in those markets.

Trades are executed through equity index futures, currency forwards, government bond futures and interest rate swaps. The majority of these trades are of a relative value nature, i.e. the Bayswater Macro Programme aims for an essentially market neutral exposure to bond, currency and equity markets.

The model aims to generate alpha and minimise risk through its:

- diversification of markets and strategies - five hedge fund strategies are employed to evaluate and identify mispricings in developed equity, currency and bond markets;
- systematic and proprietary investment model - the investment process is systematic, proprietary and non-discretionary – using economic and financial data to evaluate relative mispricings on a global basis; and
- dynamic risk management - the model targets a certain level of risk. Daily monitoring of the portfolio and weekly stress-testing allow for thorough risk management

The Bayswater programme employs five diversified strategies:

1. global currency selection aims to capitalise on mispricings across developed currency markets;
2. market directional aims to capitalise on the price inefficiencies of global equity risk premiums (versus bonds);
3. global equity selection aims to capitalise on mispricings across developed equity markets;
4. global bond selection aims to capitalise on mispricings across developed bond markets; and
5. yield curve arbitrage aims to exploit mispricings across bonds of different durations.

Bayswater Macro Programme strategy exposures¹

As at 1 December 2006

1	Market directional	29 %
2	Global currency selection	27 %
3	Global equity selection	20 %
4	Global bond selection	14 %
5	Yield curve arbitrage	10 %

¹ The strategy allocations are designed to reflect the expected long-term risk exposure to each strategy relative to the other strategies in the portfolio. The figures are based on estimates of the risk of each strategy as at 1 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and strategy allocations will change accordingly.

Complementary investment approaches

Arbitrage

The arbitrage style includes investment strategies that typically exploit pricing anomalies between related securities within and between markets. By establishing long positions in undervalued assets and short positions in overvalued assets, these strategies aim to capture profit opportunities that arise from the changing price relationship between the assets concerned. Strategies tend to be relative value or event driven in nature, and include convertible bond, fixed income, merger, special situations and multi-strategy arbitrage approaches. They are designed to produce positive returns independent of the overall direction of broad market prices with relatively low volatility in all market environments.

Directional

The directional style includes investment strategies that employ 'top-down' analysis of macroeconomic and financial conditions to uncover pricing inefficiencies that arise in countries as a result of political or economic changes at both a regional and national level. They centre primarily on global macro, opportunistic and discretionary trading approaches, which may include relative value investing in emerging markets. The style may involve significant net long or short exposure to securities, interest rates, commodities and currencies within countries or groupings of countries. Strategies produce returns that are generally uncorrelated to traditional asset classes and other hedge fund styles.

Equity hedge

The equity hedge style includes investment strategies that are relative value and market neutral (either dollar or beta) or high-hedge in nature. It aims to profit from identifying equities deemed to be undervalued or overvalued in relation to other stocks or groups of stocks, often within a sector. Investment decisions are commonly executed within a systematic framework. Stock selection tends to be based on either price based analysis, which is usual in the case of statistical arbitrage models, or various measures of fundamental value. Sometimes multi-factor models combining both technical and fundamental measures are employed. The performance of strategies is typically expected to show relatively low correlation and beta to the markets traded. Equity hedge strategies are often characterised by a relatively high trading frequency. Strategies within this category aim to achieve consistent returns with relatively low volatility in all market environments.

Long/short equities

The long/short equities style includes investment strategies that trade long and short without any necessary restriction and therefore may have variable or consistent net bias. They aim to profit from identifying stocks deemed to be undervalued or overvalued on an outright basis – an approach commonly known as 'stock picking'. The performance of these strategies is typically expected to show higher correlation and beta to the markets traded than equity hedge strategies. Volatility also tends to be higher than for equity hedge strategies. The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector lines.

At the Initial Index Date the Index Constituents are currently expected to have approximately the following weightings:

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
AHL Feeder Ltd Class E: MGS AHL	AHL	AHL	27.5%

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
Institutional		Institutional Programme (Managed futures)	
Man Global Quant Alpha Investments Ltd	Bayswater	Bayswater Macro Programme (Directional)	27.5%
Man Arbitrage A NF Style Series	Man Global Strategies	Arbitrage	16.9%
Man Directional A NF Style Series	Man Global Strategies	Directional	16.1%
Man Equity Hedge A NF Style Series	Man Global Strategies	Equity hedge	8.1%
Man Long/Short Equities A NF Style Series	Man Global Strategies	Long/short equities	13.9%
Capital Protection Component			70.3%

1.5 Weighting and Composition

When managing the Index, the Index Sponsor shall always consider the following principles for its overall composition:

1.5.1 Fund Components

1.5.1.1 Weighting

The weighting of Fund Components within the Index shall be evaluated having regard to numerous factors. The main composition objective of the Index Sponsor is to create an index that mirrors the performance of a portfolio of certain Fund Components and that provides capital protection at Maturity Date. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components.

There can be no assurance that the above-mentioned return objectives of the Index Sponsor will be achieved, and the performance of the Index may vary substantially over time. The Fund Components may utilize, subject to applicable regulations, forward and futures contracts, options, swaps, other Derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase a negative performance of the Fund Components and therefore of the Index.

1.5.1.2 Composition

The Index Sponsor may, at any time and from time to time exclude any existing Fund Component from the Index or include a new Fund Component in the Index provided that the Index remains in compliance with the Composition Obligations.

1.5.2 Weight of the Capital Protection Component

The weight of the Capital Protection Component will, at any point in time, be such that the Capital Protection Component at the Maturity Date is equal to the Initial Index Value. In addition, provided that the aggregate weight of the Fund Components is at least 150% of the Index Value at any time, the Index Sponsor may, in its sole discretion, lock-in up to 50% of the profits generated by the Index (excluding any profits generated by the Capital Protection Component). By locking-in such profits, the Index Sponsor will increase the weight of the Capital Protection Component such that the value of the Capital Protection Component at the Maturity Date will be the Initial Index Value plus approximately 50% of these profits.

1.5.3 Weight of the Cash Component

The weight of the Cash Component will vary according to the performance of the Index and will be, amongst others, a function of the values of the other Index Constituents.

1.5.4 Changes in the Composition of the Index

The performance and investment strategy of each Index Constituent will be subject to a continuous monitoring process by the Index Sponsor. As a consequence, the weightings attributed to the Fund Component will vary over time based on the actual performance of each Index Constituent and the expected outlooks for the different investment strategies. The composition of and the weightings within the Index will be reviewed on an ongoing basis and the composition of the Index from time to time will be adjusted by the Index Sponsor. This may be done by one or a combination of (i) adjusting the weights of the Capital Protection Component and/or the Cash Component in the Index between the Index Constituents and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components. Furthermore, the Fund Components' weighting will fluctuate as a function of the Fund Components' individual performance.

1.6 Calculation and Publication of the Index Value

1.6.1 Calculation and Index Formula

The Index is denominated in CHF, i.e. 1 index point of the Index corresponds to CHF 1 of **Index_t^{Net}**. **Index_t^{Net}** is derived from **Index_{t-1}^{Net}** and the quotient of **Index_t** and **Index_{t-1}** taking into account the applicable management fee MF, the applicable calculation fee CF, the applicable capital protection fee CPF and the applicable set-up and maintenance fee SMF as calculated by the Index Sponsor and the adjustment factor **AF_t** as determined by the Index Sponsor. **Index_t^{Net}** is calculated to four decimal places and rounded according to commercial conventions. **Index_t** is derived from **Index_{t-1}** multiplied by the sum of (i) the weighted performance of the respective Fund Component, the weighted performance of the Capital Protection Component and the weighted performance of the Cash Component, (ii) the weighted performance on the exchange rate exposure, (iii) the currency hedging factor **CH_t**, (iv) the bond hedging factor **BH_t** (v) the corporate action factor **CAF_t** and (vi) one.

1.6.2 Suspension of Index Calculation

The Index Sponsor may at any time and from time to time suspend the composition of the Index and the calculation of the Index Value, if:

- (A) any principal stock exchange, commodities exchange, futures exchange or over-the-counter market on which any Substantial Portion of the Fund Components is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended;
- (B) circumstances exist, as a result of which, in the opinion of the Index Sponsor it is not practicable to determine the Index Value in an accurate and fair manner;
- (C) a breakdown occurs in any of the means normally employed in ascertaining the value or the price of any Fund Component on any market or stock exchange on which such Fund Component is listed;
- (D) as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Index Sponsor, a valuation of any Substantial Portion of Fund Components, in the reasonable opinion of the Index Sponsor, is not reasonably practicable without this being seriously detrimental to the interests of an actual holder of the relevant Fund Component;
- (E) in the reasonable opinion of the Index Sponsor, the Index Value cannot be calculated fairly;
- (F) there is a breakdown in the means of communication normally employed in determining the Net Asset Value of any Fund Component;
- (G) for any other reason the value of any Fund Component cannot reasonably or fairly be ascertained; or
- (H) payments to an actual holder of any Fund Component that are due on redemption of fund units in the reasonable opinion of the Index Sponsor cannot be effected at normal rates of exchange.

Such suspension shall take effect at such times as the Index Sponsor shall specify and thereafter there shall be no determination of the Index Value until the Index Sponsor declares the suspension at an end, except that the suspension shall terminate in any event on the first Index Business Day following the calendar day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised as set out above shall exist. Whenever the Index Sponsor shall declare a suspension of the determination of the Index Value then, as soon as practicable, the Index Sponsor shall cause a notice on the Man Investments Internet pages at <http://www.maninvestments.com> stating that such declaration has been made and at the end of any period of suspension the Index Sponsor shall cause another notice to be given on the Man Investments Internet pages at <http://www.maninvestments.com> stating that the period of suspension has ended.

1.6.3 Publication of the Index

The Index Value shall be calculated and published by the Index Sponsor on Bloomberg or any other data provider as the Index Sponsor deem appropriate. The Index Value is calculated in respect of the relevant Index Valuation Date.

1.6.4 Information on the Index Sponsor

The Index Sponsor of the Index is Man Investments Limited which is regulated by the Financial Services Authority in the conduct of its regulated activities in the United Kingdom. Man Investments Limited is a member of the Man Group.

Man Investments

A member of the Man Group, Man Investments is one of the world's largest hedge fund providers. It provides innovative investment vehicles, offering tailor-made solutions for private and institutional clients.

Established in 1983, it has launched more than 450 alternative investment products, many in partnership with leading financial institutions. Through its core investment managers (AHL, Glenwood, Man Global Strategies and RMF), Man Investments has succeeded in developing specialised strengths in alternative investments. This contributed to Man Investments being awarded 'European Asset Management Firm of the Decade' by Financial News in 2006.

As at 31 December 2006, Man Investments had approximately USD 60 billion under management.

Man Group plc

Originally established in 1783, Man Group plc is today a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. Man Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index of major UK listed companies. It has a market capitalisation of USD 16.0 billion.

2. MAN AP SPECTRUM EUR PROTECTED INDEX

The following sets out the current Index Description as of 20 March 2007. The Index Description is subject to change from time to time.

2.1 General Description of the Index

The Index is a capital protected EUR denominated index which primarily mirrors the (notional) performance of hedge funds and of a zero coupon bond and a cash balance. The construction of the Index will ensure that the Index Value on Maturity Date will equal or exceed the Initial Index Value. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components. The Index Value shall never be negative.

To achieve this, the Index will comprise, at any time, the following weighted constituents: (i) certain Fund Components, provided that these Fund Components meet the Composition Obligations, (ii) a Capital Protection Component and (iii) a Cash Component. The Cash Component can be positive or negative. Initially the Index will be exposed to 6 Fund Components.

In addition to these Index Constituents, which are included in the Index with the weightings assigned to them by the Index Sponsor, other elements will also be taken into account in the Index, that is, *inter alia*, a bond hedging factor, a currency hedging factor, a corporate action factor and an adjustment factor.

The Index is composed and calculated by the Index Sponsor. The Index Sponsor selects components for the Index as set out below and will launch the Index as of the Initial Index Date at the Initial Index Value of EUR 1. Following the Initial Index Date, the Index Sponsor will review the composition of the Index and the weightings of the Index Constituents within the Index on an ongoing basis and in accordance with this Index Description. The inclusion and weighting of the Capital Protection Component in the Index will ensure that the Index Value on the Maturity Date will equal or exceed the Initial Index Value. The weighting of any Index Constituent indicates the investment exposure of the Index to that Index Constituent. The sum of all the Fund Components' weightings corresponds to the total investment exposure of the Index to its Fund Components. The Index will start with an initial investment exposure to the Fund Components of approx. 140% of the Initial Index Value.

Subject to a positive performance, the total investment exposure to the Fund Components will be increased to or maintained at the targeted investment exposure of 150% of the then applicable Index

Value. Additionally, and subject to there being an investment exposure of 150% of the then applicable Index Value, the Index Sponsor may increase the weighting of the Capital Protection Component such that the level of capital protection at the Maturity Date will be increased above 100% of the Initial Index Value at the Maturity Date. Following its initial composition, subject to section 1.5, the ongoing calculation of the Index is made by the Index Sponsor as of the Index Valuation Date on the Index Calculation Date. Index Values can be found on the Bloomberg page "CPMAEUR Index".

2.2 Fees

The Index Value will be adjusted to take account of the following deductions (unless otherwise stated the amounts set out below are annual rates that will accrue and be deducted from the Index Value every month):

- a management fee for the composition and rebalancing of the Index of 1.0% multiplied by the sum of the weightings of all Fund Components as of the respective Index Valuation Date, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a calculation fee for the calculation of the Index of 1.0%, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a capital protection fee of 0.45% of the Initial Index Value;
- a set-up and maintenance fee of up to 0.75% of the Initial Index Value for the first year and up to 0.35% of the Initial Index Value thereafter;
- a leverage fee equal to One-Month USD LIBOR plus a spread of up to 2%, charged on any negative allocation in the Cash Component; and
- an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

In addition, the Fund Components may incur management fees at a rate of up to one-twelfth of 2% per month (approximately 2% per annum) of the investment exposure allocated to such Fund Component (i.e. the weighting of the Fund Component as determined by the Index Sponsor). A monthly incentive fee of up to 20% may also be charged based on the net increase in value attributable to each such Fund Component. In some cases, incentive fees may only be payable if the net increase in value exceeds a target or hurdle rate of return or exceeds a previously attained value for such Fund Component. Incentive fees may also be charged prior to the deduction of certain fees and expenses. Management fees and incentive fees will be calculated separately for each Fund Component and without set-off or averaging between Fund Components. All or a portion of these fees may be received by the Index Sponsor or its affiliates. In addition, the Fund Components may bear all costs and brokerage commissions associated with trading transactions which will include an introducing broker fee, payable to the Index Sponsor or its affiliates for an amount of up to 1% per annum of the respective investment exposure.

2.3 Definitions

For the purposes of this index description the following terms shall, unless expressly otherwise defined, have the following meanings:

"**AF_t**" means an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index at time "t" and which shall be incorporated into

the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

"Applicable Rate" means the zero-coupon interest rate for the period from the applicable Index Valuation Date to the Maturity Date, which rate shall be based on the prevailing swap market rates (such rates to be determined by the Calculation Agent at its absolute discretion but in good faith and in a commercially reasonable manner).

"BH_t" represents a notional interest rate hedging transaction at time "t". This bond hedging factor will be applied to replicate a notional hedging of the interest rate exposure an actual holder of the Capital Protection Component would enter into. BH_t shall be calculated according to the following formula:

$$BH_t = (SR_t - SR_{t-1}) \times D_{t-1} \times W_{CPC(t)} \times BHR_t$$

"BHR_t" means an interest rate hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional interest rate hedging transaction the Index Sponsor would enter into and the interest rate exposure in respect of the Capital Protection Component during month "t".

"CAF_t" means a factor determined by the Index Sponsor at its reasonable discretion to take into account corporate actions or valuation corrections of the Fund Components as reported by the administrator of the relevant Fund Component at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such event.

"Calculation Agent" means UBS AG, London Branch.

"Capital Protection Component" means a notional investment in units and/or fractions of units of the equivalent of an investment in a UBS AG zero coupon bond repaying EUR 1 on the Maturity Date and which price on any Index Valuation Date is determined by the Calculation Agent at the Applicable Rate.

"Cash Component" means a notional cash balance which can be positive, negative or zero. The Index Sponsor aims to keep the positive cash balance reasonably low. In order to maintain and/or achieve the targeted investment exposure of 150% of the then applicable Index Value, the negative cash balance may be significant.

"CF" means a notional monthly calculation fee for the composition, calculation and rebalancing of the Index and corresponds to 1/12 of 1.0%.

"CH_t" represents a notional currency hedging transaction at time "t". This currency hedging factor will be applied in order to replicate a notional hedging of the currency exposure an actual holder of the Fund Components would enter into in respect of Fund Components that are not denominated in EUR. CH_t shall be calculated according to the following formula:

$$CH_t = \left[\left(\frac{1 + \text{One - Month EUR LIBOR}_{t-1}/12}{1 + \text{One - Month USD LIBOR}_{t-1}/12} - 1 \right) - P_{Fxt} \right] \times (1 - W_{CPC(t)}) \times CHR_t$$

"CHR_t" means a currency hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional currency hedging transaction the Index Sponsor would enter into and the currency exposure during month "t".

"Composition Obligations" means the following obligations the Index Sponsor will take into account when composing and rebalancing the Fund Components:

- (a) There shall be no less than 5 Fund Components and no more than 40 Fund Components at any time.

- (b) No Fund Component shall exceed 33% of the sum of the weightings of all Fund Components on the Initial Index Date and on any subsequent Index Valuation Date.
- (c) The sum of the weightings of all Fund Components will have a maximum target of 150% of the Index Value at any time.
- (d) Three months prior to the Maturity Date the Index Sponsor reserves the right to reduce the weightings of all Fund Components to 0% in favour of the Cash Component.

"**CPC_t**" means the price of the Capital Protection Component as determined by the Calculation Agent on the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t".

"**CPF**" means a notional monthly capital protection fee a guarantor would charge for guaranteeing the repayment of the Initial Index Value at Maturity and corresponds to 1/12 of 0.45% of the Initial Index Value.

"**CU_{it}**" means the Cash Usage of the Fund Component "i" at time "t" which corresponds to the percentage level to which the notional exposure of the Fund Component "i" is cash funded at time "t" on the respective Index Valuation Date as determined by the Index Sponsor.

"**D_t**" means the modified duration of the Capital Protection Component as determined by the Index Sponsor on an Index Calculation Date.

"**Derivatives**" means financial instruments whose characteristics and values depend upon the characteristics and values of an underlying instrument or asset, typically commodities, bonds, equities or currencies.

"**EUR**" means Euro.

"**Fund Components**" mean (i) AHL Feeder Ltd Class E: MGS AHL Institutional (AHL), (ii) Man Global Quant Alpha Investments Ltd (Bayswater), (iii) Man Arbitrage A NF Style Series (Man Global Strategies), (iv) Man Directional A NF Style Series (Man Global Strategies), (v) Man Equity Hedge A NF Style Series (Man Global Strategies) and (vi) Man Long/Short Equities A NF Style Series (Man Global Strategies) and any other Units in Investment Vehicles that may be added by the Index Sponsor to the Index to reflect market developments (preceding Fund Components have been listed with their legal name followed by the respective manager in brackets).

"**Index**" means the Man AP Spectrum EUR Protected Index.

"**Index₀**" shall be 1.

"**Index Business Day**" means any calendar day (other than Saturday or Sunday) on which banks and stock exchanges are open for business in Bermuda, Dublin, London, New York, Jersey and Zurich and "Index Business Days" shall be construed accordingly.

"**Index Calculation Date**" means any Index Business Day no later than twenty-two Index Business Days after the Index Valuation Date.

"**Index Constituents**" means the Fund Components, the Capital Protection Component and the Cash Component.

"**Index₀^{Net}**" shall be 1.

"**Index_t^{Net}**" means the Index Value in EUR as calculated at the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t" by the Index Sponsor according to the following formula:

$$\text{Index}_t^{\text{Net}} = \text{Index}_{t-1}^{\text{Net}} \times \frac{\text{Index}_t}{\text{Index}_{t-1}} \times (1 - \text{MF} - \text{CF}) - \text{CPF} - \text{SMF} - \text{AF}_t$$

"**Index Sponsor**" means Man Investments Limited, Sugar Quay, Lower Thames Street, London EC3R 6DU, England as the entity composing and calculating the Index or any successor of it.

"**Index_t**" is calculated according to the following formula:

$$\text{Index}_t = \text{Index}_{t-1} \times \left(1 + \sum_{i=1}^n (W_{it} \times P_{it}) + (1 - W_{CPC(t)}) \times P_{FXt} + \text{CH}_t + \text{BH}_t + \text{CAF}_t \right)$$

"**Index Valuation Date**" means the last calendar day of each month.

"**Index Value**" means the value of **Index_t^{Net}** as calculated and published by the Index Sponsor on an Index Calculation Date for the preceding Index Valuation Date.

"**Initial Index Date**" being 15 August 2007 as the inception date of the Index.

"**Initial Index Value**" means EUR 1.

"**Investment Vehicles**" means investment funds, fund-type investment instruments (in particular collective investment schemes, investment companies, limited partnerships and trusts) and managed securities accounts that pursue a variety of alternative investment strategies

"**London Business Day**" is a calendar day on which banks in London are open for business.

"**Maturity Date**" means 31 July 2019.

"**MF**" means a notional monthly management fee for the composition and rebalancing of the Index and corresponds to 1/12 of 1.0% times the sum of the weightings of all Fund Components as of the respective Index Valuation Date.

"**MFPF_{i,t}**" means a management, brokerage and performance fee adjustment factor reflecting the fact that for some of the Fund Components comprising the Index the management, brokerage and performance fee outlined under section 1.2 are not charged or only partly charged at the Investment Vehicle level and therefore an adjustment factor has been introduced to mirror those fees in the Index calculation. However, whenever the applicable management and performance fee are fully charged at the respective Fund Component's level MFPF_{i,t} will be equal to one given that no adjustment is required.

"**n**" means the number of Index Constituents within the Index.

"**NAV_{i,t}**" means the net asset value of the Fund Component "i" at time "t" per Unit, on the respective Index Valuation Date, as determined by the administrator of the relevant Fund Component in each case net of all taxes which would be applicable to an actual holder of Units in such Fund Component and which, in the opinion of the Index Sponsor, shall be relevant for that purpose. If in respect of the Fund Component "i" neither a management fee nor a performance fee has been charged for the time period ending on the Index Valuation Date and starting on the preceding Index Valuation Date, the NAV_{i,t} as determined by the administrator shall be adjusted by the Index Sponsor to reflect such fees. The management fee shall be charged and calculated at a rate of up to one-twelfth of 2% per month on NAV_{i,t}. A monthly incentive fee of up to 20% shall also be charged based on the net increase in NAV_{i,t}. The incentive fee will only be payable if the net increase in value exceeds a previously attained value of NAV_{i,t}. NAV_{i,t} shall be rounded according to commercial conventions to four decimal places.

If NAV_{i,t} for a Fund Component is not available on an Index Calculation Date for the relevant Index Valuation Date, the Index Sponsor may, for the purposes of calculating and rebalancing the Index and with

regard to the then prevailing market conditions, determine the Index Value on the basis of an unofficial NAV_{i,t} of that Fund Component as of the relevant Index Valuation Date or any other value of that Fund Component, estimated at its reasonable discretion.

"One-Month EUR LIBOR_{t-1}" means the 1 month EURIBOR fixing as set forth on Bloomberg page "EUR001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"One-Month USD LIBOR_{t-1}" means the 1 month USD LIBOR fixing as set forth on Bloomberg page "US0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"P_{FX,t}" means the performance of the USD/EUR exchange rate in the month "t", calculated according to the following formula:

$$P_{FX,t} = \frac{USDEUR_t - USDEUR_{t-1}}{USDEUR_{t-1}}$$

"P_{i,t}" means the performance of (i) each of the Fund Components, (ii) the Capital Protection Component or (iii) the Cash Component in the month "t".

The performance of each of the Fund Components in the month "t" will be calculated according to the following formula:

$$P_{i,t} = CU_{i,t-1} \times MFPP_{i,t-1} \times \frac{NAV_{i,t} - NAV_{i,t-1}}{NAV_{i,t-1}}$$

The performance of the Capital Protection Component in the month "t" will be calculated according to the following formula:

$$P_{i,t} = \frac{CPC_{i,t} - CPC_{i,t-1}}{CPC_{i,t-1}}$$

The Cash Component will perform during the month t at One-Month USD LIBOR_{t-1} if a positive cash balance applies while at One-Month USD LIBOR_{t-1} plus a spread of up to 2% in the case of a negative cash balance.

"SMF" means a notional set-up and maintenance fee and corresponds to 1/12 of up to 0.75% of the Initial Index Value for the first 12 Index Valuation Dates and up to 1/12 of 0.35% of the Initial Index Value thereafter.

"Substantial Portion" shall mean a proportion that would have a material impact on determining the value of the Index, and which proportion and materiality shall be determined in the reasonable discretion of the Index Sponsor.

"SR_t" means the 10 year EUR Swap Rate as set forth on Bloomberg page "EUSA10 Curncy" on the preceding Index Valuation Date if D_t is more than 7.5 years on the Index Calculation Date. In all other cases SR_t corresponds to the 5 year EUR Swap Rate as set forth on Bloomberg page "EUSA5 Curncy" on the preceding Index Valuation Date.

"Unit" means any kind of participation in an Investment Vehicle irrespective of the legal structure thereof.

"USD" or **"Dollars"** means the legal currency of the United States of America.

"USDEUR_t" means the currency exchange rate between USD and EUR as set forth on Bloomberg page "USDEUR Curncy" for the last London Business Day of month t based on the mid price.

" W_{it} " means the notional weighting exposure assigned to each of the Fund Components, the Capital Protection Component (" W_{CPC} ") or the Cash Component by the Index Sponsor which applies to the month "t". The maximum target aggregate weight of the Fund Components will be 150% of the Index Value at any time.

2.4 Composition of the Index

The Index will comprise from time to time, weighted exposure to each of the Fund Components, the Capital Protection Component and the Cash Component, as determined by the Index Sponsor. The Fund Components will be composed in accordance with the Composition Obligations.

The methodology to compose and calculate the Index may be subject to modifications or changes as a consequence of market, regulatory, legal, financial or fiscal circumstances. Following the initial composition of the Index, subject to the objective of the Index set out in section 1 and the Composition Obligations, the Index Sponsor in its own discretion will adjust the composition of the Index from time to time. This may be done by one or a combination of (i) adjusting the weights of the Capital Protection Component and/or the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components.

The Fund Components selected by the Index Sponsor on the Initial Index Date will give, directly or indirectly, exposure to the following trading programmes and styles:

- AHL Institutional Programme (Managed futures)
- Bayswater Macro Programme (Directional)
- Arbitrage
- Directional
- Equity hedge
- Long/short equities

The above list is not comprehensive and the Index Sponsor may select Fund Components applying investment approaches other than those outlined above.

Brief descriptions of these trading programmes and styles are provided below. These descriptions may change over time due to developments in the hedge funds market.

Introduction to AHL and Bayswater

Both AHL and Bayswater share the philosophy that financial markets are efficient. Both managers apply non-discretionary models to capitalise on these inefficiencies. The managers continually research new markets and strategies and constantly refine their trading models to maintain their competitive advantage.

However, while sharing certain characteristics, they seek to generate alpha in fundamentally different ways. AHL uses technical analysis – exclusively based on historical data - to identify opportunities to profit from price movements, taking advantage of strong market trends and exploiting inefficiencies in global financial markets. Bayswater uses fundamental analysis – exclusively forward looking - to capture relative value price differentials, prices returning to fair value (mean reversion) in developed financial markets.

The two managers also trade in a different number of markets over varying time horizons and frequencies. AHL generally makes a large number of trades, sometimes on a daily basis, in a wide range of markets around the world, while Bayswater tends to trade less frequently in a far smaller range of highly-liquid, developed markets.

The AHL Institutional Programme and the Bayswater Macro Programme seek to capture profits at different points of a market cycle, meaning the two approaches should have relatively low correlation over the medium term.

The AHL Institutional Programme

Strong performance

The AHL Institutional Programme trades 24 hours a day using real-time price information to respond to price movements across a diverse range of global markets encompassing stock indices, bonds, currencies, short-term interest rates and commodities. The instruments traded are primarily futures contracts and foreign exchange and metal forwards.

Robust investment management

AHL's investment approach stresses diversification, risk management, efficiency and research. Diversification is achieved across sectors, markets systems and strategies.

The AHL Institutional Programme market exposures¹

1	Currencies	26.4 %
2	Bonds	21.5 %
3	Energies	19.2 %
4	Stocks	15.5 %
5	Interest rates	9.4 %
6	Metals	8.1 %

Risk management

¹ The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The figures are based on estimates of the risk of each sector at 31 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

AHL's approach to risk management emphasises the importance of deploying investment capital across the full range of sectors and markets. The main factors that determine asset allocations to different sectors and markets are:

- correlations between markets and sectors;
- expected returns;
- trading costs; and
- liquidity.

Also central to AHL's risk management is:

- ongoing risk measurement backed by sophisticated analytical instruments and systems;
- analysing and modifying market and sector exposures in line with real time changes in the volatility or risk of individual markets; and
- daily stress-testing of portfolios to ensure portfolio robustness, using current market positions and historical price data back to 1980.

Efficiency

AHL is distinguished by the strength of its investment infrastructure. Investment in the latest computer technology is substantial, and the benefits from this infrastructure flow through into greater trading efficiencies.

The trade execution team operates on a non-discretionary basis, 24 hours a day, alongside the investment management team in London. This team continually monitors market volume, liquidity, brokerage and trade execution to ensure optimum efficiency and best value trading costs.

Pioneering research

AHL employs 48 leading industry professionals who work at the cutting edge of the investment management industry. This team conducts sophisticated research into every aspect of the investment management process.

Continuing its pioneering research is central to AHL's ability to extract efficiency gains and extend the range and versatility of its investment techniques into new areas, taking into account developments in global markets.

AHL introduces new techniques, strategies and markets into the AHL Institutional Programme to capture additional profit opportunities and increase the diversification and overall robustness of the portfolio. AHL does this in a disciplined manner, following detailed statistical analysis, rigorous testing and live trading using proprietary capital.

The Bayswater Macro Programme

The Bayswater Macro Programme evaluates fundamental data (e.g. interest rate levels and other indicators of economic conditions) in a quantitative way to determine if developed equity, bond and currency markets are undervalued or overvalued. It then takes correspondingly long or short position in those markets.

Trades are executed through equity index futures, currency forwards, government bond futures and interest rate swaps. The majority of these trades are of a relative value nature, i.e. the Bayswater Macro Programme aims for an essentially market neutral exposure to bond, currency and equity markets.

The model aims to generate alpha and minimise risk through its:

- diversification of markets and strategies - five hedge fund strategies are employed to evaluate and identify mispricings in developed equity, currency and bond markets;
- systematic and proprietary investment model - the investment process is systematic, proprietary and non-discretionary – using economic and financial data to evaluate relative mispricings on a global basis; and
- dynamic risk management - the model targets a certain level of risk. Daily monitoring of the portfolio and weekly stress-testing allow for thorough risk management

The Bayswater programme employs five diversified strategies:

1. global currency selection aims to capitalise on mispricings across developed currency markets;
2. market directional aims to capitalise on the price inefficiencies of global equity risk premiums (versus bonds);
3. global equity selection aims to capitalise on mispricings across developed equity markets;
4. global bond selection aims to capitalise on mispricings across developed bond markets; and
5. yield curve arbitrage aims to exploit mispricings across bonds of different durations.

Bayswater Macro Programme strategy exposures¹

As at 1 December 2006

1	Market directional	29 %
2	Global currency selection	27 %
3	Global equity selection	20 %
4	Global bond selection	14 %
5	Yield curve arbitrage	10 %

¹ The strategy allocations are designed to reflect the expected long-term risk exposure to each strategy relative to the other strategies in the portfolio. The figures are based on estimates of the risk of each strategy as at 1 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and strategy allocations will change accordingly.

Complementary investment approaches

Arbitrage

The arbitrage style includes investment strategies that typically exploit pricing anomalies between related securities within and between markets. By establishing long positions in undervalued assets and short positions in overvalued assets, these strategies aim to capture profit opportunities that arise from the changing price relationship between the assets concerned. Strategies tend to be relative value or event driven in nature, and include convertible bond, fixed income, merger, special situations and multi-strategy arbitrage approaches. They are designed to produce positive returns independent of the overall direction of broad market prices with relatively low volatility in all market environments.

Directional

The directional style includes investment strategies that employ ‘top-down’ analysis of macroeconomic and financial conditions to uncover pricing inefficiencies that arise in countries as a result of political or economic changes at both a regional and national level. They centre primarily on global macro, opportunistic and discretionary trading approaches, which may include relative value investing in emerging markets. The style may involve significant net long or short exposure to securities, interest rates, commodities and currencies within countries or groupings of countries. Strategies produce returns that are generally uncorrelated to traditional asset classes and other hedge fund styles.

Equity hedge

The equity hedge style includes investment strategies that are relative value and market neutral (either dollar or beta) or high-hedge in nature. It aims to profit from identifying equities deemed to be undervalued or overvalued in relation to other stocks or groups of stocks, often within a sector. Investment decisions are commonly executed within a systematic framework. Stock selection tends to be based on either price based analysis, which is usual in the case of statistical arbitrage models, or various measures of fundamental value. Sometimes multi-factor models combining both technical and fundamental measures are employed. The performance of strategies is typically expected to show relatively low correlation and beta to the markets traded. Equity hedge strategies are often characterised by a relatively high trading frequency. Strategies within this category aim to achieve consistent returns with relatively low volatility in all market environments.

Long/short equities

The long/short equities style includes investment strategies that trade long and short without any necessary restriction and therefore may have variable or consistent net bias. They aim to profit from identifying stocks deemed to be undervalued or overvalued on an outright basis – an approach commonly known as ‘stock picking’. The performance of these strategies is typically expected to show higher correlation and beta to the markets traded than equity hedge strategies. Volatility also tends to be higher than for equity hedge strategies. The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector lines.

At the Initial Index Date the Index Constituents are currently expected to have approximately the following weightings:

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
AHL Feeder Ltd Class E: MGS AHL	AHL	AHL	35.0%

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
Institutional		Institutional Programme (Managed futures)	
Man Global Quant Alpha Investments Ltd	Bayswater	Bayswater Macro Programme (Directional)	35.0%
Man Arbitrage A NF Style Series	Man Global Strategies	Arbitrage	21.5%
Man Directional A NF Style Series	Man Global Strategies	Directional	20.5%
Man Equity Hedge A NF Style Series	Man Global Strategies	Equity hedge	10.3%
Man Long/Short Equities A NF Style Series	Man Global Strategies	Long/short equities	17.7%
Capital Protection Component			60.3%

2.5 Weighting and Composition

When managing the Index, the Index Sponsor shall always consider the following principles for its overall composition:

2.5.1 Fund Components

2.5.1.1 Weighting

The weighting of Fund Components within the Index shall be evaluated having regard to numerous factors. The main composition objective of the Index Sponsor is to create an index that mirrors the performance of a portfolio of certain Fund Components and that provides capital protection at Maturity Date. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components.

There can be no assurance that the above-mentioned return objectives of the Index Sponsor will be achieved, and the performance of the Index may vary substantially over time. The Fund Components may utilize, subject to applicable regulations, forward and futures contracts, options, swaps, other Derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase a negative performance of the Fund Components and therefore of the Index.

2.5.1.2 Composition

The Index Sponsor may, at any time and from time to time exclude any existing Fund Component from the Index or include a new Fund Component in the Index provided that the Index remains in compliance with the Composition Obligations.

2.5.2 Weight of the Capital Protection Component

The weight of the Capital Protection Component will, at any point in time, be such that the Capital Protection Component at the Maturity Date is equal to the Initial Index Value. In addition, provided that the aggregate weight of the Fund Components is at least 150% of the Index Value at any time, the Index Sponsor may, in its sole discretion, lock-in up to 50% of the profits generated by the Index (excluding any profits generated by the Capital Protection Component). By locking-in such profits, the Index Sponsor will increase the weight of the Capital Protection Component such that the value of the Capital Protection Component at the Maturity Date will be the Initial Index Value plus approximately 50% of these profits.

2.5.3 Weight of the Cash Component

The weight of the Cash Component will vary according to the performance of the Index and will be, amongst others, a function of the values of the other Index Constituents.

2.5.4 Changes in the Composition of the Index

The performance and investment strategy of each Index Constituent will be subject to a continuous monitoring process by the Index Sponsor. As a consequence, the weightings attributed to the Fund Component will vary over time based on the actual performance of each Index Constituent and the expected outlooks for the different investment strategies. The composition of and the weightings within the Index will be reviewed on an ongoing basis and the composition of the Index from time to time will be adjusted by the Index Sponsor. This may be done by one or a combination of (i) adjusting the weights of the Capital Protection Component and/or the Cash Component in the Index between the Index Constituents and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components. Furthermore, the Fund Components' weighting will fluctuate as a function of the Fund Components' individual performance.

2.6 Calculation and Publication of the Index Value

2.6.1 Calculation and Index Formula

The Index is denominated in EUR, i.e. 1 index point of the Index corresponds to EUR 1 of **Index_t^{Net}**. **Index_t^{Net}** is derived from **Index_{t-1}^{Net}** and the quotient of **Index_t** and **Index_{t-1}** taking into account the applicable management fee MF, the applicable calculation fee CF, the applicable capital protection fee CPF and the applicable set-up and maintenance fee SMF as calculated by the Index Sponsor and the adjustment factor **AF_t** as determined by the Index Sponsor. **Index_t^{Net}** is calculated to four decimal places and rounded according to commercial conventions. **Index_t** is derived from **Index_{t-1}** multiplied by the sum of (i) the weighted performance of the respective Fund Component, the weighted performance of the Capital Protection Component and the weighted performance of the Cash Component, (ii) the weighted performance on the exchange rate exposure, (iii) the currency hedging factor **CH_t**, (iv) the bond hedging factor **BH_t** (v) the corporate action factor **CAF_t** and (vi) one.

2.6.2 Suspension of Index Calculation

The Index Sponsor may at any time and from time to time suspend the composition of the Index and the calculation of the Index Value, if:

- (A) any principal stock exchange, commodities exchange, futures exchange or over-the-counter market on which any Substantial Portion of the Fund Components is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended;
- (B) circumstances exist, as a result of which, in the opinion of the Index Sponsor it is not practicable to determine the Index Value in an accurate and fair manner;
- (C) a breakdown occurs in any of the means normally employed in ascertaining the value or the price of any Fund Component on any market or stock exchange on which such Fund Component is listed;
- (D) as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Index Sponsor, a valuation of any Substantial Portion of Fund Components, in the reasonable opinion of the Index Sponsor, is not reasonably practicable without this being seriously detrimental to the interests of an actual holder of the relevant Fund Component;
- (E) in the reasonable opinion of the Index Sponsor, the Index Value cannot be calculated fairly;
- (F) there is a breakdown in the means of communication normally employed in determining the Net Asset Value of any Fund Component;
- (G) for any other reason the value of any Fund Component cannot reasonably or fairly be ascertained; or
- (H) payments to an actual holder of any Fund Component that are due on redemption of fund units in the reasonable opinion of the Index Sponsor cannot be effected at normal rates of exchange.

Such suspension shall take effect at such times as the Index Sponsor shall specify and thereafter there shall be no determination of the Index Value until the Index Sponsor declares the suspension at an end, except that the suspension shall terminate in any event on the first Index Business Day following the calendar day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised as set out above shall exist. Whenever the Index Sponsor shall declare a suspension of the determination of the Index Value then, as soon as practicable, the Index Sponsor shall cause a notice on the Man Investments Internet pages at <http://www.maninvestments.com> stating that such declaration has been made and at the end of any period of suspension the Index Sponsor shall cause another notice to be given on the Man Investments Internet pages at <http://www.maninvestments.com> stating that the period of suspension has ended.

2.6.3 Publication of the Index

The Index Value shall be calculated and published by the Index Sponsor on Bloomberg or any other data provider as the Index Sponsor deem appropriate. The Index Value is calculated in respect of the relevant Index Valuation Date.

2.6.4 Information on the Index Sponsor

The Index Sponsor of the Index is Man Investments Limited which is regulated by the Financial Services Authority in the conduct of its regulated activities in the United Kingdom. Man Investments Limited is a member of the Man Group.

Man Investments

A member of the Man Group, Man Investments is one of the world's largest hedge fund providers. It provides innovative investment vehicles, offering tailor-made solutions for private and institutional clients.

Established in 1983, it has launched more than 450 alternative investment products, many in partnership with leading financial institutions. Through its core investment managers (AHL, Glenwood, Man Global Strategies and RMF), Man Investments has succeeded in developing specialised strengths in alternative investments. This contributed to Man Investments being awarded 'European Asset Management Firm of the Decade' by Financial News in 2006.

As at 31 December 2006, Man Investments had approximately USD 60 billion under management.

Man Group plc

Originally established in 1783, Man Group plc is today a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. Man Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index of major UK listed companies. It has a market capitalisation of USD 16.0 billion.

3. MAN AP SPECTRUM USD PROTECTED INDEX

The following sets out the current Index Description as of 20 March 2007. The Index Description is subject to change from time to time.

3.1 General Description of the Index

The Index is a capital protected USD denominated index which primarily mirrors the (notional) performance of hedge funds and of a zero coupon bond and a cash balance. The construction of the Index will ensure that the Index Value on Maturity Date will equal or exceed the Initial Index Value. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components. The Index Value shall never be negative.

To achieve this, the Index will comprise, at any time, the following weighted constituents: (i) certain Fund Components, provided that these Fund Components meet the Composition Obligations, (ii) a Capital Protection Component and (iii) a Cash Component. The Cash Component can be positive or negative. Initially the Index will be exposed to 6 Fund Components.

In addition to these Index Constituents, which are included in the Index with the weightings assigned to them by the Index Sponsor, other elements will also be taken into account in the Index, that is, *inter alia*, a bond hedging factor, a corporate action factor and an adjustment factor.

The Index is composed and calculated by the Index Sponsor. The Index Sponsor selects components for the Index as set out below and will launch the Index as of the Initial Index Date at the Initial Index Value of USD 1. Following the Initial Index Date, the Index Sponsor will review the composition of the Index and the weightings of the Index Constituents within the Index on an ongoing basis and in accordance with this Index Description. The inclusion and weighting of the Capital Protection Component in the Index will ensure that the Index Value on the Maturity Date will equal or exceed the Initial Index Value. The weighting of any Index Constituent indicates the investment exposure of the Index to that Index Constituent. The sum of all the Fund Components' weightings corresponds to the total investment exposure of the Index to its Fund Components. The Index will start with an initial investment exposure to the Fund Components of approx. 150% of the Initial Index Value.

Subject to a positive performance, the total investment exposure to the Fund Components will be maintained at the targeted investment exposure of 150% of the then applicable Index Value. Additionally,

and subject to there being an investment exposure of 150% of the then applicable Index Value, the Index Sponsor may increase the weighting of the Capital Protection Component such that the level of capital protection at the Maturity Date will be increased above 100% of the Initial Index Value at the Maturity Date. Following its initial composition, subject to section 1.5, the ongoing calculation of the Index is made by the Index Sponsor as of the Index Valuation Date on the Index Calculation Date. Index Values can be found on the Bloomberg page "CPMAUSD Index".

3.2 Fees

The Index Value will be adjusted to take account of the following deductions (unless otherwise stated the amounts set out below are annual rates that will accrue and be deducted from the Index Value every month):

- a management fee for the composition and rebalancing of the Index of 1.0% multiplied by the sum of the weightings of all Fund Components as of the respective Index Valuation Date, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a calculation fee for the calculation of the Index of 1.0%, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a capital protection fee of 0.45% of the Initial Index Value;
- a set-up and maintenance fee of up to 0.75% of the Initial Index Value for the first year and up to 0.35% of the Initial Index Value thereafter;
- a leverage fee equal to One-Month USD LIBOR plus a spread of up to 2%, charged on any negative allocation in the Cash Component; and
- an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

In addition, the Fund Components may incur management fees at a rate of up to one-twelfth of 2% per month (approximately 2% per annum) of the investment exposure allocated to such Fund Component (i.e. the weighting of the Fund Component as determined by the Index Sponsor). A monthly incentive fee of up to 20% may also be charged based on the net increase in value attributable to each such Fund Component. In some cases, incentive fees may only be payable if the net increase in value exceeds a target or hurdle rate of return or exceeds a previously attained value for such Fund Component. Incentive fees may also be charged prior to the deduction of certain fees and expenses. Management fees and incentive fees will be calculated separately for each Fund Component and without set-off or averaging between Fund Components. All or a portion of these fees may be received by the Index Sponsor or its affiliates. In addition, the Fund Components may bear all costs and brokerage commissions associated with trading transactions which will include an introducing broker fee, payable to the Index Sponsor or its affiliates for an amount of up to 1% per annum of the respective investment exposure.

3.3 Definitions

For the purposes of this index description the following terms shall, unless expressly otherwise defined, have the following meanings:

"**AF_t**" means an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index at time "t" and which shall be incorporated into

the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

"Applicable Rate" means the zero-coupon interest rate for the period from the applicable Index Valuation Date to the Maturity Date, which rate shall be based on the prevailing swap market rates (such rates to be determined by the Calculation Agent at its absolute discretion but in good faith and in a commercially reasonable manner).

"BH_t" represents a notional interest rate hedging transaction at time "t". This bond hedging factor will be applied to replicate a notional hedging of the interest rate exposure an actual holder of the Capital Protection Component would enter into. BH_t shall be calculated according to the following formula:

$$BH_t = (SR_t - SR_{t-1}) \times D_{t-1} \times W_{CPC(t)} \times BHR_t$$

"BHR_t" means an interest rate hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional interest rate hedging transaction the Index Sponsor would enter into and the interest rate exposure in respect of the Capital Protection Component during month "t".

"CAF_t" means a factor determined by the Index Sponsor at its reasonable discretion to take into account corporate actions or valuation corrections of the Fund Components as reported by the administrator of the relevant Fund Component at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such event.

"Calculation Agent" means UBS AG, London Branch.

"Capital Protection Component" means a notional investment in units and/or fractions of units of the equivalent of an investment in a UBS AG zero coupon bond repaying USD 1 on the Maturity Date and which price on any Index Valuation Date is determined by the Calculation Agent at the Applicable Rate.

"Cash Component" means a notional cash balance which can be positive, negative or zero. The Index Sponsor aims to keep the positive cash balance reasonably low. In order to maintain and/or achieve the targeted investment exposure of 150% of the then applicable Index Value, the negative cash balance may be significant.

"CF" means a notional monthly calculation fee for the composition, calculation and rebalancing of the Index and corresponds to 1/12 of 1.0%.

"Composition Obligations" means the following obligations the Index Sponsor will take into account when composing and rebalancing the Fund Components:

- (a) There shall be no less than 5 Fund Components and no more than 40 Fund Components at any time.
- (b) No Fund Component shall exceed 33% of the sum of the weightings of all Fund Components on the Initial Index Date and on any subsequent Index Valuation Date.
- (c) The sum of the weightings of all Fund Components will have a maximum target of 150% of the Index Value at any time.
- (d) Three months prior to the Maturity Date the Index Sponsor reserves the right to reduce the weightings of all Fund Components to 0% in favour of the Cash Component.

"CPC_t" means the price of the Capital Protection Component as determined by the Calculation Agent on the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t".

"CPF" means a notional monthly capital protection fee a guarantor would charge for guaranteeing the repayment of the Initial Index Value at Maturity and corresponds to 1/12 of 0.45% of the Initial Index Value.

"CU_{it}" means the Cash Usage of the Fund Component "i" at time "t" which corresponds to the percentage level to which the notional exposure of the Fund Component "i" is cash funded at time "t" on the respective Index Valuation Date as determined by the Index Sponsor.

"D_t" means the modified duration of the Capital Protection Component as determined by the Index Sponsor on an Index Calculation Date.

"Derivatives" means financial instruments whose characteristics and values depend upon the characteristics and values of an underlying instrument or asset, typically commodities, bonds, equities or currencies.

"Fund Components" mean (i) AHL Feeder Ltd Class E: MGS AHL Institutional (AHL), (ii) Man Global Quant Alpha Investments Ltd (Bayswater), (iii) Man Arbitrage A NF Style Series (Man Global Strategies), (iv) Man Directional A NF Style Series (Man Global Strategies), (v) Man Equity Hedge A NF Style Series (Man Global Strategies) and (vi) Man Long/Short Equities A NF Style Series (Man Global Strategies) and any other Units in Investment Vehicles that may be added by the Index Sponsor to the Index to reflect market developments (preceding Fund Components have been listed with their legal name followed by the respective manager in brackets).

"Index" means the Man AP Spectrum USD Protected Index.

"Index₀" shall be 1.

"Index Business Day" means any calendar day (other than Saturday or Sunday) on which banks and stock exchanges are open for business in Bermuda, Dublin, London, New York, Jersey and Zurich and "Index Business Days" shall be construed accordingly.

"Index Calculation Date" means any Index Business Day no later than twenty-two Index Business Days after the Index Valuation Date.

"Index Constituents" means the Fund Components, the Capital Protection Component and the Cash Component.

"Index₀^{Net}" shall be 1.

"Index_t^{Net}" means the Index Value in USD as calculated at the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t" by the Index Sponsor according to the following formula:

$$\text{Index}_t^{\text{Net}} = \text{Index}_{t-1}^{\text{Net}} \times \frac{\text{Index}_t}{\text{Index}_{t-1}} \times (1 - \text{MF} - \text{CF}) - \text{CPF} - \text{SMF} - \text{AF}_t$$

"Index Sponsor" means Man Investments Limited, Sugar Quay, Lower Thames Street, London EC3R 6DU, England as the entity composing and calculating the Index or any successor of it.

"Index_t" is calculated according to the following formula:

$$\text{Index}_t = \text{Index}_{t-1} \times \left(1 + \sum_{i=1}^n (W_{it} \times P_{it}) + \text{BH}_t + \text{CAF}_t \right)$$

"Index Valuation Date" means the last calendar day of each month.

"Index Value" means the value of $\text{Index}_t^{\text{Net}}$ as calculated and published by the Index Sponsor on an Index Calculation Date for the preceding Index Valuation Date.

"Initial Index Date" being 15 August 2007 as the inception date of the Index.

"Initial Index Value" means USD 1.

"Investment Vehicles" means investment funds, fund-type investment instruments (in particular collective investment schemes, investment companies, limited partnerships and trusts) and managed securities accounts that pursue a variety of alternative investment strategies

"London Business Day" is a calendar day on which banks in London are open for business.

"Maturity Date" means 31 July 2019.

"MF" means a notional monthly management fee for the composition and rebalancing of the Index and corresponds to $1/12$ of 1.0% times the sum of the weightings of all Fund Components as of the respective Index Valuation Date.

"MFPF_{i,t}" means a management, brokerage and performance fee adjustment factor reflecting the fact that for some of the Fund Components comprising the Index the management, brokerage and performance fee outlined under section 1.2 are not charged or only partly charged at the Investment Vehicle level and therefore an adjustment factor has been introduced to mirror those fees in the Index calculation. However, whenever the applicable management and performance fee are fully charged at the respective Fund Component's level MFPF_{i,t} will be equal to one given that no adjustment is required.

"n" means the number of Index Constituents within the Index.

"NAV_{i,t}" means the net asset value of the Fund Component "i" at time "t" per Unit, on the respective Index Valuation Date, as determined by the administrator of the relevant Fund Component in each case net of all taxes which would be applicable to an actual holder of Units in such Fund Component and which, in the opinion of the Index Sponsor, shall be relevant for that purpose. If in respect of the Fund Component "i" neither a management fee nor a performance fee has been charged for the time period ending on the Index Valuation Date and starting on the preceding Index Valuation Date, the NAV_{i,t} as determined by the administrator shall be adjusted by the Index Sponsor to reflect such fees. The management fee shall be charged and calculated at a rate of up to one-twelfth of 2% per month on NAV_{i,t}. A monthly incentive fee of up to 20% shall also be charged based on the net increase in NAV_{i,t}. The incentive fee will only be payable if the net increase in value exceeds a previously attained value of NAV_{i,t}. NAV_{i,t} shall be rounded according to commercial conventions to four decimal places.

If NAV_{i,t} for a Fund Component is not available on an Index Calculation Date for the relevant Index Valuation Date, the Index Sponsor may, for the purposes of calculating and rebalancing the Index and with regard to the then prevailing market conditions, determine the Index Value on the basis of an unofficial NAV_{i,t} of that Fund Component as of the relevant Index Valuation Date or any other value of that Fund Component, estimated at its reasonable discretion.

"One-Month USD LIBOR_{t-1}" means the 1 month USD LIBOR fixing as set forth on Bloomberg page "US0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"P_{i,t}" means the performance of (i) each of the Fund Components, (ii) the Capital Protection Component or (iii) the Cash Component in the month "t".

The performance of each of the Fund Components in the month "t" will be calculated according to the following formula:

$$P_{i,t} = CU_{i,t-1} \times MFPP_{i,t-1} \times \frac{NAV_{i,t} - NAV_{i,t-1}}{NAV_{i,t-1}}$$

The performance of the Capital Protection Component in the month "t" will be calculated according to the following formula:

$$P_{i,t} = \frac{CPC_{i,t} - CPC_{i,t-1}}{CPC_{i,t-1}}$$

The Cash Component will perform during the month t at One-Month USD LIBOR_{t-1} if a positive cash balance applies while at One-Month USD LIBOR_{t-1} plus a spread of up to 2% in the case of a negative cash balance.

"SMF" means a notional set-up and maintenance fee and corresponds to 1/12 of up to 0.75% of the Initial Index Value for the first 12 Index Valuation Dates and up to 1/12 of 0.35% of the Initial Index Value thereafter.

"Substantial Portion" shall mean a proportion that would have a material impact on determining the value of the Index, and which proportion and materiality shall be determined in the reasonable discretion of the Index Sponsor.

"SR_t" means the 10 year USD Swap Rate as set forth on Bloomberg page "USSW10 Curncy" on the preceding Index Valuation Date if D_t is more than 7.5 years on the Index Calculation Date. In all other cases SR_t corresponds to the 5 year USD Swap Rate as set forth on Bloomberg page "USSW5 Curncy" on the preceding Index Valuation Date.

"Unit" means any kind of participation in an Investment Vehicle irrespective of the legal structure thereof.

"USD" or **"Dollars"** means the legal currency of the United States of America.

"W_{it}" means the notional weighting exposure assigned to each of the Fund Components, the Capital Protection Component (**"W_{CPC}"**) or the Cash Component by the Index Sponsor which applies to the month "t". The maximum target aggregate weight of the Fund Components will be 150% of the Index Value at any time.

3.4 Composition of the Index

The Index will comprise from time to time, weighted exposure to each of the Fund Components, the Capital Protection Component and the Cash Component, as determined by the Index Sponsor. The Fund Components will be composed in accordance with the Composition Obligations.

The methodology to compose and calculate the Index may be subject to modifications or changes as a consequence of market, regulatory, legal, financial or fiscal circumstances. Following the initial composition of the Index, subject to the objective of the Index set out in section 1 and the Composition Obligations, the Index Sponsor in its own discretion will adjust the composition of the Index from time to time. This may be done by one or a combination of (i) adjusting the weights of the Capital Protection Component and/or the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components.

The Fund Components selected by the Index Sponsor on the Initial Index Date will give, directly or indirectly, exposure to the following trading programmes and styles:

- AHL Institutional Programme (Managed futures)
- Bayswater Macro Programme (Directional)

- Arbitrage
- Directional
- Equity hedge
- Long/short equities

The above list is not comprehensive and the Index Sponsor may select Fund Components applying investment approaches other than those outlined above.

Brief descriptions of these trading programmes and styles are provided below. These descriptions may change over time due to developments in the hedge funds market.

Introduction to AHL and Bayswater

Both AHL and Bayswater share the philosophy that financial markets are efficient. Both managers apply non-discretionary models to capitalise on these inefficiencies. The managers continually research new markets and strategies and constantly refine their trading models to maintain their competitive advantage.

However, while sharing certain characteristics, they seek to generate alpha in fundamentally different ways. AHL uses technical analysis – exclusively based on historical data - to identify opportunities to profit from price movements, taking advantage of strong market trends and exploiting inefficiencies in global financial markets. Bayswater uses fundamental analysis – exclusively forward looking - to capture relative value price differentials, prices returning to fair value (mean reversion) in developed financial markets.

The two managers also trade in a different number of markets over varying time horizons and frequencies. AHL generally makes a large number of trades, sometimes on a daily basis, in a wide range of markets around the world, while Bayswater tends to trade less frequently in a far smaller range of highly-liquid, developed markets.

The AHL Institutional Programme and the Bayswater Macro Programme seek to capture profits at different points of a market cycle, meaning the two approaches should have relatively low correlation over the medium term.

The AHL Institutional Programme

Strong performance

The AHL Institutional Programme trades 24 hours a day using real-time price information to respond to price movements across a diverse range of global markets encompassing stock indices, bonds, currencies, short-term interest rates and commodities. The instruments traded are primarily futures contracts and foreign exchange and metal forwards.

Robust investment management

AHL's investment approach stresses diversification, risk management, efficiency and research. Diversification is achieved across sectors, markets systems and strategies.

The AHL Institutional Programme market exposures¹

1	Currencies	26.4 %
2	Bonds	21.5 %
3	Energies	19.2 %
4	Stocks	15.5 %
5	Interest rates	9.4 %
6	Metals	8.1 %

Risk management

¹ The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The figures are based on estimates of the risk of each sector at 31 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

AHL's approach to risk management emphasises the importance of deploying investment capital across the full range of sectors and markets. The main factors that determine asset allocations to different sectors and markets are:

- correlations between markets and sectors;
- expected returns;
- trading costs; and
- liquidity.

Also central to AHL's risk management is:

- ongoing risk measurement backed by sophisticated analytical instruments and systems;
- analysing and modifying market and sector exposures in line with real time changes in the volatility or risk of individual markets; and
- daily stress-testing of portfolios to ensure portfolio robustness, using current market positions and historical price data back to 1980.

Efficiency

AHL is distinguished by the strength of its investment infrastructure. Investment in the latest computer technology is substantial, and the benefits from this infrastructure flow through into greater trading efficiencies.

The trade execution team operates on a non-discretionary basis, 24 hours a day, alongside the investment management team in London. This team continually monitors market volume, liquidity, brokerage and trade execution to ensure optimum efficiency and best value trading costs.

Pioneering research

AHL employs 48 leading industry professionals who work at the cutting edge of the investment management industry. This team conducts sophisticated research into every aspect of the investment management process.

Continuing its pioneering research is central to AHL's ability to extract efficiency gains and extend the range and versatility of its investment techniques into new areas, taking into account developments in global markets.

AHL introduces new techniques, strategies and markets into the AHL Institutional Programme to capture additional profit opportunities and increase the diversification and overall robustness of the portfolio. AHL does this in a disciplined manner, following detailed statistical analysis, rigorous testing and live trading using proprietary capital.

The Bayswater Macro Programme

The Bayswater Macro Programme evaluates fundamental data (e.g. interest rate levels and other indicators of economic conditions) in a quantitative way to determine if developed equity, bond and currency markets are undervalued or overvalued. It then takes correspondingly long or short position in those markets.

Trades are executed through equity index futures, currency forwards, government bond futures and interest rate swaps. The majority of these trades are of a relative value nature, i.e. the Bayswater Macro Programme aims for an essentially market neutral exposure to bond, currency and equity markets.

The model aims to generate alpha and minimise risk through its:

- diversification of markets and strategies - five hedge fund strategies are employed to evaluate and identify mispricings in developed equity, currency and bond markets;
- systematic and proprietary investment model - the investment process is systematic, proprietary and non-discretionary – using economic and financial data to evaluate relative mispricings on a global basis; and
- dynamic risk management - the model targets a certain level of risk. Daily monitoring of the portfolio and weekly stress-testing allow for thorough risk management

The Bayswater programme employs five diversified strategies:

1. global currency selection aims to capitalise on mispricings across developed currency markets;
2. market directional aims to capitalise on the price inefficiencies of global equity risk premiums (versus bonds);
3. global equity selection aims to capitalise on mispricings across developed equity markets;
4. global bond selection aims to capitalise on mispricings across developed bond markets; and
5. yield curve arbitrage aims to exploit mispricings across bonds of different durations.

Bayswater Macro Programme strategy exposures¹

As at 1 December 2006

1	Market directional	29 %
2	Global currency selection	27 %
3	Global equity selection	20 %
4	Global bond selection	14 %
5	Yield curve arbitrage	10 %

¹ The strategy allocations are designed to reflect the expected long-term risk exposure to each strategy relative to the other strategies in the portfolio. The figures are based on estimates of the risk of each strategy as at 1 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and strategy allocations will change accordingly.

Complementary investment approaches

Arbitrage

The arbitrage style includes investment strategies that typically exploit pricing anomalies between related securities within and between markets. By establishing long positions in undervalued assets and short positions in overvalued assets, these strategies aim to capture profit opportunities that arise from the changing price relationship between the assets concerned. Strategies tend to be relative value or event driven in nature, and include convertible bond, fixed income, merger, special situations and multi-strategy arbitrage approaches. They are designed to produce positive returns independent of the overall direction of broad market prices with relatively low volatility in all market environments.

Directional

The directional style includes investment strategies that employ ‘top-down’ analysis of macroeconomic and financial conditions to uncover pricing inefficiencies that arise in countries as a result of political or economic changes at both a regional and national level. They centre primarily on global macro, opportunistic and discretionary trading approaches, which may include relative value investing in emerging markets. The style may involve significant net long or short exposure to securities, interest rates, commodities and currencies within countries or groupings of countries. Strategies produce returns that are generally uncorrelated to traditional asset classes and other hedge fund styles.

Equity hedge

The equity hedge style includes investment strategies that are relative value and market neutral (either dollar or beta) or high-hedge in nature. It aims to profit from identifying equities deemed to be undervalued or overvalued in relation to other stocks or groups of stocks, often within a sector. Investment decisions are commonly executed within a systematic framework. Stock selection tends to be based on either price based analysis, which is usual in the case of statistical arbitrage models, or various measures of fundamental value. Sometimes multi-factor models combining both technical and fundamental measures are employed. The performance of strategies is typically expected to show relatively low correlation and beta to the markets traded. Equity hedge strategies are often characterised by a relatively high trading frequency. Strategies within this category aim to achieve consistent returns with relatively low volatility in all market environments.

Long/short equities

The long/short equities style includes investment strategies that trade long and short without any necessary restriction and therefore may have variable or consistent net bias. They aim to profit from identifying stocks deemed to be undervalued or overvalued on an outright basis – an approach commonly known as ‘stock picking’. The performance of these strategies is typically expected to show higher correlation and beta to the markets traded than equity hedge strategies. Volatility also tends to be higher than for equity hedge strategies. The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector lines.

At the Initial Index Date the Index Constituents are currently expected to have approximately the following weightings:

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
AHL Feeder Ltd Class E: MGS AHL	AHL	AHL	37.5%

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
Institutional		Institutional Programme (Managed futures)	
Man Global Quant Alpha Investments Ltd	Bayswater	Bayswater Macro Programme (Directional)	37.5%
Man Arbitrage A NF Style Series	Man Global Strategies	Arbitrage	23.0%
Man Directional A NF Style Series	Man Global Strategies	Directional	22.0%
Man Equity Hedge A NF Style Series	Man Global Strategies	Equity hedge	11.0%
Man Long/Short Equities A NF Style Series	Man Global Strategies	Long/short equities	19.0%
Capital Protection Component			55.9%

3.5 Weighting and Composition

When managing the Index, the Index Sponsor shall always consider the following principles for its overall composition:

3.5.1 Fund Components

3.5.1.1 Weighting

The weighting of Fund Components within the Index shall be evaluated having regard to numerous factors. The main composition objective of the Index Sponsor is to create an index that mirrors the performance of a portfolio of certain Fund Components and that provides capital protection at Maturity Date. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components.

There can be no assurance that the above-mentioned return objectives of the Index Sponsor will be achieved, and the performance of the Index may vary substantially over time. The Fund Components may utilize, subject to applicable regulations, forward and futures contracts, options, swaps, other Derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase a negative performance of the Fund Components and therefore of the Index.

3.5.1.2 Composition

The Index Sponsor may, at any time and from time to time exclude any existing Fund Component from the Index or include a new Fund Component in the Index provided that the Index remains in compliance with the Composition Obligations.

3.5.2 Weight of the Capital Protection Component

The weight of the Capital Protection Component will, at any point in time, be such that the Capital Protection Component at the Maturity Date is equal to the Initial Index Value. In addition, provided that the aggregate weight of the Fund Components is at least 150% of the Index Value at any time, the Index Sponsor may, in its sole discretion, lock-in up to 50% of the profits generated by the Index (excluding any profits generated by the Capital Protection Component). By locking-in such profits, the Index Sponsor will increase the weight of the Capital Protection Component such that the value of the Capital Protection Component at the Maturity Date will be the Initial Index Value plus approximately 50% of these profits.

3.5.3 Weight of the Cash Component

The weight of the Cash Component will vary according to the performance of the Index and will be, amongst others, a function of the values of the other Index Constituents.

3.5.4 Changes in the Composition of the Index

The performance and investment strategy of each Index Constituent will be subject to a continuous monitoring process by the Index Sponsor. As a consequence, the weightings attributed to the Fund Component will vary over time based on the actual performance of each Index Constituent and the expected outlooks for the different investment strategies. The composition of and the weightings within the Index will be reviewed on an ongoing basis and the composition of the Index from time to time will be adjusted by the Index Sponsor. This may be done by one or a combination of (i) adjusting the weights of the Capital Protection Component and/or the Cash Component in the Index between the Index Constituents and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components. Furthermore, the Fund Components' weighting will fluctuate as a function of the Fund Components' individual performance.

3.6 Calculation and Publication of the Index Value

3.6.1 Calculation and Index Formula

The Index is denominated in USD, i.e. 1 index point of the Index corresponds to USD 1 of **Index_t^{Net}**. **Index_t^{Net}** is derived from **Index_{t-1}^{Net}** and the quotient of **Index_t** and **Index_{t-1}** taking into account the applicable management fee MF, the applicable calculation fee CF, the applicable capital protection fee CPF and the applicable set-up and maintenance fee SMF as calculated by the Index Sponsor and the adjustment factor **AF_t** as determined by the Index Sponsor. **Index_t^{Net}** is calculated to four decimal places and rounded according to commercial conventions. **Index_t** is derived from **Index_{t-1}** multiplied by the sum of (i) the weighted performance of the respective Fund Component, the weighted performance of the Capital Protection Component and the weighted performance of the Cash Component, (ii) the bond hedging factor **BH_t** (iii) the corporate action factor **CAF_t** and (iv) one.

3.6.2 Suspension of Index Calculation

The Index Sponsor may at any time and from time to time suspend the composition of the Index and the calculation of the Index Value, if:

- (A) any principal stock exchange, commodities exchange, futures exchange or over-the-counter market on which any Substantial Portion of the Fund Components is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended;
- (B) circumstances exist, as a result of which, in the opinion of the Index Sponsor it is not practicable to determine the Index Value in an accurate and fair manner;
- (C) a breakdown occurs in any of the means normally employed in ascertaining the value or the price of any Fund Component on any market or stock exchange on which such Fund Component is listed;
- (D) as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Index Sponsor, a valuation of any Substantial Portion of Fund Components, in the reasonable opinion of the Index Sponsor, is not reasonably practicable without this being seriously detrimental to the interests of an actual holder of the relevant Fund Component;
- (E) in the reasonable opinion of the Index Sponsor, the Index Value cannot be calculated fairly;
- (F) there is a breakdown in the means of communication normally employed in determining the Net Asset Value of any Fund Component;
- (G) for any other reason the value of any Fund Component cannot reasonably or fairly be ascertained; or
- (H) payments to an actual holder of any Fund Component that are due on redemption of fund units in the reasonable opinion of the Index Sponsor cannot be effected at normal rates of exchange.

Such suspension shall take effect at such times as the Index Sponsor shall specify and thereafter there shall be no determination of the Index Value until the Index Sponsor declares the suspension at an end, except that the suspension shall terminate in any event on the first Index Business Day following the calendar day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised as set out above shall exist. Whenever the Index Sponsor shall declare a suspension of the determination of the Index Value then, as soon as practicable, the Index Sponsor shall cause a notice on the Man Investments Internet pages at <http://www.maninvestments.com> stating that such declaration has been made and at the end of any period of suspension the Index Sponsor shall cause another notice to be given on the Man Investments Internet pages at <http://www.maninvestments.com> stating that the period of suspension has ended.

3.6.3 Publication of the Index

The Index Value shall be calculated and published by the Index Sponsor on Bloomberg or any other data provider as the Index Sponsor deem appropriate. The Index Value is calculated in respect of the relevant Index Valuation Date.

3.6.4 Information on the Index Sponsor

The Index Sponsor of the Index is Man Investments Limited which is regulated by the Financial Services Authority in the conduct of its regulated activities in the United Kingdom. Man Investments Limited is a member of the Man Group.

Man Investments

A member of the Man Group, Man Investments is one of the world's largest hedge fund providers. It provides innovative investment vehicles, offering tailor-made solutions for private and institutional clients.

Established in 1983, it has launched more than 450 alternative investment products, many in partnership with leading financial institutions. Through its core investment managers (AHL, Glenwood, Man Global Strategies and RMF), Man Investments has succeeded in developing specialised strengths in alternative investments. This contributed to Man Investments being awarded 'European Asset Management Firm of the Decade' by Financial News in 2006.

As at 31 December 2006, Man Investments had approximately USD 60 billion under management.

Man Group plc

Originally established in 1783, Man Group plc is today a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. Man Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index of major UK listed companies. It has a market capitalisation of USD 16.0 billion.

4. MAN AP SPECTRUM CHF INDEX

The following sets out the current Index Description as of 20 March 2007. The Index Description is subject to change from time to time.

4.1 General Description of the Index

The Index is a CHF denominated index which primarily mirrors the (notional) performance of hedge funds and a cash balance. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components. The Index Value shall never be negative.

To achieve this, the Index will comprise, at any time, the following weighted constituents: (i) certain Fund Components, provided that these Fund Components meet the Composition Obligations and (ii) a Cash Component. The Cash Component can be positive or negative. Initially the Index will be exposed to 6 Fund Components.

In addition to these Index Constituents, which are included in the Index with the weightings assigned to them by the Index Sponsor, other elements will also be taken into account in the Index, that is, *inter alia*, a currency hedging factor, a corporate action factor and an adjustment factor.

The Index is composed and calculated by the Index Sponsor. The Index Sponsor selects components for the Index as set out below and will launch the Index as of the Initial Index Date at the Initial Index Value of CHF 1. Following the Initial Index Date, the Index Sponsor will review the composition of the Index and the weightings of the Index Constituents within the Index on an ongoing basis and in accordance with this Index Description. The weighting of any Index Constituent indicates the investment exposure of the Index to that Index Constituent. The sum of all the Fund Components' weightings corresponds to the total investment exposure of the Index to its Fund Components. The Index will start with an initial investment exposure to the Fund Components of approx. 150% of the Initial Index Value.

Subject to any financing restrictions, the total investment exposure to the Fund Components will be maintained at the targeted investment exposure of 150% of the then applicable Index Value. Following its initial composition, subject to section 1.5, the ongoing calculation of the Index is made by the Index Sponsor as of the Index Valuation Date on the Index Calculation Date. Index Values can be found on the Bloomberg page "NCPSCHF Index".

4.2 Fees

The Index Value will be adjusted to take account of the following deductions (unless otherwise stated the amounts set out below are annual rates that will accrue and be deducted from the Index Value every month):

- a management fee for the composition, calculation and rebalancing of the Index of 1.0% multiplied by the sum of the weightings of all Fund Components as of the respective Index Valuation Date, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a set-up and maintenance fee of up to 1.2% of the Initial Index Value for the first year and up to 0.8% of the Initial Index Value thereafter;
- a leverage fee equal to One-Month USD LIBOR plus a spread of up to 2%, charged on any negative allocation in the Cash Component; and
- an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

In addition, the Fund Components may incur management fees at a rate of up to one-twelfth of 2% per month (approximately 2% per annum) of the investment exposure allocated to such Fund Component (i.e. the weighting of the Fund Component as determined by the Index Sponsor). A monthly incentive fee of up to 20% may also be charged based on the net increase in value attributable to each such Fund Component. In some cases, incentive fees may only be payable if the net increase in value exceeds a target or hurdle rate of return or exceeds a previously attained value for such Fund Component. Incentive fees may also be charged prior to the deduction of certain fees and expenses. Management fees and incentive fees will be calculated separately for each Fund Component and without set-off or averaging between Fund Components. All or a portion of these fees may be received by the Index Sponsor or its affiliates. In addition, the Fund Components may bear all costs and brokerage commissions associated with trading transactions which will include an introducing broker fee, payable to the Index Sponsor or its affiliates for an amount of up to 1% per annum of the respective investment exposure.

4.3 Definitions

For the purposes of this index description the following terms shall, unless expressly otherwise defined, have the following meanings:

"AF_t" means an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

"CAF_t" means a factor determined by the Index Sponsor at its reasonable discretion to take into account corporate actions or valuation corrections of the Fund Components as reported by the administrator of the relevant Fund Component at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such event.

"Cash Component" means a notional cash balance which can be positive, negative or zero. In order to maintain and/or achieve the targeted investment exposure of 150% of the then applicable Index Value, the cash balance may be negative.

"CHF" means the legal currency of Switzerland.

"CH_t" represents a notional currency hedging transaction at time "t". This currency hedging factor will be applied in order to replicate a notional hedging of the currency exposure an actual holder of the Fund Components would enter into in respect of Fund Components that are not denominated in CHF. CH_t shall be calculated according to the following formula:

$$CH_t = \left[\left(\frac{1 + \text{One - Month CHF LIBOR}_{t-1} / 12}{1 + \text{One - Month USD LIBOR}_{t-1} / 12} - 1 \right) - P_{FXt} \right] \times (1 - W_{C(t)}) \times CHR_t$$

"CHR_t" means a currency hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional currency hedging transaction the Index Sponsor would enter into and the currency exposure during month "t".

"Composition Obligations" means the following obligations the Index Sponsor will take into account when composing and rebalancing the Fund Components:

- (a) There shall be no less than 5 Fund Components and no more than 40 Fund Components at any time.
- (b) No Fund Component shall exceed 33% of the sum of the weightings of all Fund Components on the Initial Index Date and on any subsequent Index Valuation Date.
- (c) The sum of the weightings of all Fund Components will have a maximum target of 150% of the Index Value at any time.
- (d) Three months prior to the Maturity Date the Index Sponsor reserves the right to reduce the weightings of all Fund Components to 0% in favour of the Cash Component.

"CU_{it}" means the Cash Usage of the Fund Component "i" at time "t" which corresponds to the percentage level to which the notional exposure of the Fund Component "i" is cash funded at time "t" on the respective Index Valuation Date as determined by the Index Sponsor.

"Derivatives" means financial instruments whose characteristics and values depend upon the characteristics and values of an underlying instrument or asset, typically commodities, bonds, equities or currencies.

"Fund Components" mean (i) AHL Feeder Ltd Class E: MGS AHL Institutional (AHL), (ii) Man Global Quant Alpha Investments Ltd (Bayswater), (iii) Man Arbitrage A NF Style Series (Man Global Strategies), (iv) Man Directional A NF Style Series (Man Global Strategies), (v) Man Equity Hedge A NF Style Series (Man Global Strategies) and (vi) Man Long/Short Equities A NF Style Series (Man Global Strategies) and any other Units in Investment Vehicles that may be added by the Index Sponsor to the Index to reflect market developments (preceding Fund Components have been listed with their legal name followed by the respective manager in brackets).

"Index" means the Man AP Spectrum CHF Index.

"Index₀" shall be 1.

"Index Business Day" means any calendar day (other than Saturday or Sunday) on which banks and stock exchanges are open for business in Bermuda, Dublin, London, New York, Jersey and Zurich and "Index Business Days" shall be construed accordingly.

"Index Calculation Date" means any Index Business Day no later than twenty-two Index Business Days after the Index Valuation Date.

"**Index Constituents**" means the Fund Components and the Cash Component.

"**Index₀^{Net}**" shall be 1.

"**Index_t^{Net}**" means the Index Value in CHF as calculated at the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t" by the Index Sponsor according to the following formula:

$$\text{Index}_t^{\text{Net}} = \text{Index}_{t-1}^{\text{Net}} \times \frac{\text{Index}_t}{\text{Index}_{t-1}} \times (1 - \text{MF}) - \text{SMF} - \text{AF}_t$$

"**Index Sponsor**" means Man Investments Limited, Sugar Quay, Lower Thames Street, London EC3R 6DU, England as the entity composing and calculating the Index or any successor of it.

"**Index_t**" is calculated according to the following formula:

$$\text{Index}_t = \text{Index}_{t-1} \times \left(1 + \sum_{i=1}^n (W_{it} \times P_{it}) + (1 - W_{C(t)}) \times P_{FXt} + \text{CH}_t + \text{CAF}_t \right)$$

"**Index Valuation Date**" means the last calendar day of each month.

"**Index Value**" means the value of **Index_t^{Net}** as calculated and published by the Index Sponsor on an Index Calculation Date for the preceding Index Valuation Date.

"**Initial Index Date**" being 15 August 2007 as the inception date of the Index.

"**Initial Index Value**" means CHF 1.

"**Investment Vehicles**" means investment funds, fund-type investment instruments (in particular collective investment schemes, investment companies, limited partnerships and trusts) and managed securities accounts that pursue a variety of alternative investment strategies

"**London Business Day**" is a calendar day on which banks in London are open for business.

"**Maturity Date**" means 31 July 2019.

"**MF**" means a notional monthly management fee for the composition and rebalancing of the Index and corresponds to 1/12 of 1.0% times the sum of the weightings of all Fund Components as of the respective Index Valuation Date.

"**MFPF_{i,t}**" means a management, brokerage and performance fee adjustment factor reflecting the fact that for some of the Fund Components comprising the Index the management, brokerage and performance fee outlined under section 1.2 are not charged or only partly charged at the Investment Vehicle level and therefore an adjustment factor has been introduced to mirror those fees in the Index calculation. However, whenever the applicable management and performance fee are fully charged at the respective Fund Component's level MFPF_{i,t} will be equal to one given that no adjustment is required.

"**n**" means the number of Index Constituents within the Index.

"**NAV_{i,t}**" means the net asset value of the Fund Component "i" at time "t" per Unit, on the respective Index Valuation Date, as determined by the administrator of the relevant Fund Component in each case net of all taxes which would be applicable to an actual holder of Units in such Fund Component and which, in the opinion of the Index Sponsor, shall be relevant for that purpose. If in respect of the Fund Component "i" neither a management fee nor a performance fee has been charged for the time period ending on the Index Valuation Date and starting on the preceding Index Valuation Date, the NAV_{i,t} as

determined by the administrator shall be adjusted by the Index Sponsor to reflect such fees. The management fee shall be charged and calculated at a rate of up to one-twelfth of 2% per month on $NAV_{i,t}$. A monthly incentive fee of up to 20% shall also be charged based on the net increase in $NAV_{i,t}$. The incentive fee will only be payable if the net increase in value exceeds a previously attained value of $NAV_{i,t}$. $NAV_{i,t}$ shall be rounded according to commercial conventions to four decimal places.

If $NAV_{i,t}$ for a Fund Component is not available on an Index Calculation Date for the relevant Index Valuation Date, the Index Sponsor may, for the purposes of calculating and rebalancing the Index and with regard to the then prevailing market conditions, determine the Index Value on the basis of an unofficial $NAV_{i,t}$ of that Fund Component as of the relevant Index Valuation Date or any other value of that Fund Component, estimated at its reasonable discretion.

"One-Month CHF LIBOR_{t-1}" means the 1 month CHF LIBOR fixing as set forth on Bloomberg page "SF0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"One-Month USD LIBOR_{t-1}" means the 1 month USD LIBOR fixing as set forth on Bloomberg page "US0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"P_{FX,t}" means the performance of the USD/CHF exchange rate in the month "t", calculated according to the following formula:

$$P_{FX,t} = \frac{USDCHF_t - USDCHF_{t-1}}{USDCHF_{t-1}}$$

"P_{i,t}" means the performance of (i) each of the Fund Components or (ii) the Cash Component in the month "t".

The performance of each of the Fund Components in the month "t" will be calculated according to the following formula:

$$P_{i,t} = CU_{i,t-1} \times MFPP_{i,t-1} \times \frac{NAV_{i,t} - NAV_{i,t-1}}{NAV_{i,t-1}}$$

The Cash Component will perform during the month t at One-Month USD LIBOR_{t-1} if a positive cash balance applies while at One-Month USD LIBOR_{t-1} plus a spread of up to 2% in the case of a negative cash balance.

"SMF" means a notional set-up and maintenance fee and corresponds to 1/12 of up to 1.2% of the Initial Index Value for the first 12 Index Valuation Dates and up to 1/12 of 0.8% of the Initial Index Value thereafter.

"Substantial Portion" shall mean a proportion that would have a material impact on determining the value of the Index, and which proportion and materiality shall be determined in the reasonable discretion of the Index Sponsor.

"Unit" means any kind of participation in an Investment Vehicle irrespective of the legal structure thereof.

"USD" or **"Dollars"** means the legal currency of the United States of America.

"USDCHF_t" means the currency exchange rate between USD and CHF as set forth on Bloomberg page "USDCHF Curncy" for the last London Business Day of month t based on the mid price.

"W_{it}" means the notional weighting exposure assigned to each of the Fund Components or the Cash Component ("W_c") by the Index Sponsor which applies to the month "t". The maximum target aggregate weight of the Fund Components will be 150% of the Index Value at any time.

4.4 Composition of the Index

The Index will comprise from time to time, weighted exposure to each of the Fund Components and the Cash Component, as determined by the Index Sponsor. The Fund Components will be composed in accordance with the Composition Obligations.

The methodology to compose and calculate the Index may be subject to modifications or changes as a consequence of market, regulatory, legal, financial or fiscal circumstances. Following the initial composition of the Index, subject to the objective of the Index set out in section 1 and the Composition Obligations, the Index Sponsor in its own discretion will adjust the composition of the Index from time to time. This may be done by one or a combination of (i) adjusting the weights of the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components.

The Fund Components selected by the Index Sponsor on the Initial Index Date will give, directly or indirectly, exposure to the following trading programmes and styles:

- AHL Institutional Programme (Managed futures)
- Bayswater Macro Programme (Directional)
- Arbitrage
- Directional
- Equity hedge
- Long/short equities

The above list is not comprehensive and the Index Sponsor may select Fund Components applying investment approaches other than those outlined above.

Brief descriptions of these trading programmes and styles are provided below. These descriptions may change over time due to developments in the hedge funds market.

Introduction to AHL and Bayswater

Both AHL and Bayswater share the philosophy that financial markets are efficient. Both managers apply non-discretionary models to capitalise on these inefficiencies. The managers continually research new markets and strategies and constantly refine their trading models to maintain their competitive advantage.

However, while sharing certain characteristics, they seek to generate alpha in fundamentally different ways. AHL uses technical analysis – exclusively based on historical data - to identify opportunities to profit from price movements, taking advantage of strong market trends and exploiting inefficiencies in global financial markets. Bayswater uses fundamental analysis – exclusively forward looking - to capture relative value price differentials, prices returning to fair value (mean reversion) in developed financial markets.

The two managers also trade in a different number of markets over varying time horizons and frequencies. AHL generally makes a large number of trades, sometimes on a daily basis, in a wide range of markets around the world, while Bayswater tends to trade less frequently in a far smaller range of highly-liquid, developed markets.

The AHL Institutional Programme and the Bayswater Macro Programme seek to capture profits at different points of a market cycle, meaning the two approaches should have relatively low correlation over the medium term.

The AHL Institutional Programme

Strong performance

The AHL Institutional Programme trades 24 hours a day using real-time price information to respond to price movements across a diverse range of global markets encompassing stock indices, bonds, currencies, short-term interest rates and commodities. The instruments traded are primarily futures contracts and foreign exchange and metal forwards.

Robust investment management

AHL's investment approach stresses diversification, risk management, efficiency and research. Diversification is achieved across sectors, markets systems and strategies.

The AHL Institutional Programme market exposures¹

1	Currencies	26.4 %
2	Bonds	21.5 %
3	Energies	19.2 %
4	Stocks	15.5 %
5	Interest rates	9.4 %
6	Metals	8.1 %

Risk management

¹ The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The figures are based on estimates of the risk of each sector at 31 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

AHL's approach to risk management emphasises the importance of deploying investment capital across the full range of sectors and markets. The main factors that determine asset allocations to different sectors and markets are:

- correlations between markets and sectors;
- expected returns;
- trading costs; and
- liquidity.

Also central to AHL's risk management is:

- ongoing risk measurement backed by sophisticated analytical instruments and systems;
- analysing and modifying market and sector exposures in line with real time changes in the volatility or risk of individual markets; and
- daily stress-testing of portfolios to ensure portfolio robustness, using current market positions and historical price data back to 1980.

Efficiency

AHL is distinguished by the strength of its investment infrastructure. Investment in the latest computer technology is substantial, and the benefits from this infrastructure flow through into greater trading efficiencies.

The trade execution team operates on a non-discretionary basis, 24 hours a day, alongside the investment management team in London. This team continually monitors market volume, liquidity, brokerage and trade execution to ensure optimum efficiency and best value trading costs.

Pioneering research

AHL employs 48 leading industry professionals who work at the cutting edge of the investment management industry. This team conducts sophisticated research into every aspect of the investment management process.

Continuing its pioneering research is central to AHL's ability to extract efficiency gains and extend the range and versatility of its investment techniques into new areas, taking into account developments in global markets.

AHL introduces new techniques, strategies and markets into the AHL Institutional Programme to capture additional profit opportunities and increase the diversification and overall robustness of the portfolio. AHL does this in a disciplined manner, following detailed statistical analysis, rigorous testing and live trading using proprietary capital.

The Bayswater Macro Programme

The Bayswater Macro Programme evaluates fundamental data (e.g. interest rate levels and other indicators of economic conditions) in a quantitative way to determine if developed equity, bond and currency markets are undervalued or overvalued. It then takes correspondingly long or short position in those markets.

Trades are executed through equity index futures, currency forwards, government bond futures and interest rate swaps. The majority of these trades are of a relative value nature, i.e. the Bayswater Macro Programme aims for an essentially market neutral exposure to bond, currency and equity markets.

The model aims to generate alpha and minimise risk through its:

- diversification of markets and strategies - five hedge fund strategies are employed to evaluate and identify mispricings in developed equity, currency and bond markets;
- systematic and proprietary investment model - the investment process is systematic, proprietary and non-discretionary – using economic and financial data to evaluate relative mispricings on a global basis; and
- dynamic risk management - the model targets a certain level of risk. Daily monitoring of the portfolio and weekly stress-testing allow for thorough risk management

The Bayswater programme employs five diversified strategies:

1. global currency selection aims to capitalise on mispricings across developed currency markets;
2. market directional aims to capitalise on the price inefficiencies of global equity risk premiums (versus bonds);
3. global equity selection aims to capitalise on mispricings across developed equity markets;
4. global bond selection aims to capitalise on mispricings across developed bond markets; and
5. yield curve arbitrage aims to exploit mispricings across bonds of different durations.

Bayswater Macro Programme strategy exposures¹

As at 1 December 2006

1	Market directional	29 %
2	Global currency selection	27 %
3	Global equity selection	20 %
4	Global bond selection	14 %
5	Yield curve arbitrage	10 %

¹ The strategy allocations are designed to reflect the expected long-term risk exposure to each strategy relative to the other strategies in the portfolio. The figures are based on estimates of the risk of each strategy as at 1 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and strategy allocations will change accordingly.

Complementary investment approaches

Arbitrage

The arbitrage style includes investment strategies that typically exploit pricing anomalies between related securities within and between markets. By establishing long positions in undervalued assets and short positions in overvalued assets, these strategies aim to capture profit opportunities that arise from the changing price relationship between the assets concerned. Strategies tend to be relative value or event driven in nature, and include convertible bond, fixed income, merger, special situations and multi-strategy arbitrage approaches. They are designed to produce positive returns independent of the overall direction of broad market prices with relatively low volatility in all market environments.

Directional

The directional style includes investment strategies that employ ‘top-down’ analysis of macroeconomic and financial conditions to uncover pricing inefficiencies that arise in countries as a result of political or economic changes at both a regional and national level. They centre primarily on global macro, opportunistic and discretionary trading approaches, which may include relative value investing in emerging markets. The style may involve significant net long or short exposure to securities, interest rates, commodities and currencies within countries or groupings of countries. Strategies produce returns that are generally uncorrelated to traditional asset classes and other hedge fund styles.

Equity hedge

The equity hedge style includes investment strategies that are relative value and market neutral (either dollar or beta) or high-hedge in nature. It aims to profit from identifying equities deemed to be undervalued or overvalued in relation to other stocks or groups of stocks, often within a sector. Investment decisions are commonly executed within a systematic framework. Stock selection tends to be based on either price based analysis, which is usual in the case of statistical arbitrage models, or various measures of fundamental value. Sometimes multi-factor models combining both technical and fundamental measures are employed. The performance of strategies is typically expected to show relatively low correlation and beta to the markets traded. Equity hedge strategies are often characterised by a relatively high trading frequency. Strategies within this category aim to achieve consistent returns with relatively low volatility in all market environments.

Long/short equities

The long/short equities style includes investment strategies that trade long and short without any necessary restriction and therefore may have variable or consistent net bias. They aim to profit from identifying stocks deemed to be undervalued or overvalued on an outright basis – an approach commonly known as ‘stock picking’. The performance of these strategies is typically expected to show higher correlation and beta to the markets traded than equity hedge strategies. Volatility also tends to be higher than for equity hedge strategies. The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector lines.

At the Initial Index Date the Index Constituents are currently expected to have approximately the following weightings:

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
AHL Feeder Ltd Class E: MGS AHL	AHL	AHL	37.5%

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
Institutional		Institutional Programme (Managed futures)	
Man Global Quant Alpha Investments Ltd	Bayswater	Bayswater Macro Programme (Directional)	37.5%
Man Arbitrage A NF Style Series	Man Global Strategies	Arbitrage	23.0%
Man Directional A NF Style Series	Man Global Strategies	Directional	22.0%
Man Equity Hedge A NF Style Series	Man Global Strategies	Equity hedge	11.0%
Man Long/Short Equities A NF Style Series	Man Global Strategies	Long/short equities	19.0%

4.5 Weighting and Composition

When managing the Index, the Index Sponsor shall always consider the following principles for its overall composition:

4.5.1 Fund Components

4.5.1.1 Weighting

The weighting of Fund Components within the Index shall be evaluated having regard to numerous factors. The main composition objective of the Index Sponsor is to create an index that mirrors the performance of a portfolio of certain Fund Components. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components.

There can be no assurance that the above-mentioned return objectives of the Index Sponsor will be achieved, and the performance of the Index may vary substantially over time. The Fund Components may utilize, subject to applicable regulations, forward and futures contracts, options, swaps, other Derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase a negative performance of the Fund Components and therefore of the Index.

4.5.1.2 Composition

The Index Sponsor may, at any time and from time to time exclude any existing Fund Component from the Index or include a new Fund Component in the Index provided that the Index remains in compliance with the Composition Obligations.

4.5.2 Weight of the Cash Component

The weight of the Cash Component will vary according to the performance of the Index and will be, amongst others, a function of the values of the other Index Constituents.

4.5.3 Changes in the Composition of the Index

The performance and investment strategy of each Index Constituent will be subject to a continuous monitoring process by the Index Sponsor. As a consequence, the weightings attributed to the Fund Component will vary over time based on the actual performance of each Index Constituent and the expected outlooks for the different investment strategies. The composition of and the weightings within the Index will be reviewed on an ongoing basis and the composition of the Index from time to time will be adjusted by the Index Sponsor. This may be done by one or a combination of (i) adjusting the weights of the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components. Furthermore, the Fund Components' weighting will fluctuate as a function of the Fund Components' individual performance.

4.6 Calculation and Publication of the Index Value

4.6.1 Calculation and Index Formula

The Index is denominated in CHF, i.e. 1 index point of the Index corresponds to CHF 1 of **Index_t^{Net}**. **Index_t^{Net}** is derived from **Index_{t-1}^{Net}** and the quotient of **Index_t** and **Index_{t-1}** taking into account the applicable management fee MF and the applicable set-up and maintenance fee SMF as calculated by the Index Sponsor and the adjustment factor AF_t as determined by the Index Sponsor. **Index_t^{Net}** is calculated to four decimal places and rounded according to commercial conventions. **Index_t** is derived from **Index_{t-1}** multiplied by the sum of (i) the weighted performance of the respective Fund Component and the weighted performance of the Cash Component, (ii) the weighted performance on the exchange rate exposure, (iii) the currency hedging factor CH_t, (iv) the corporate action factor CAF_t and (v) one.

4.6.2 Suspension of Index Calculation

The Index Sponsor may at any time and from time to time suspend the composition of the Index and the calculation of the Index Value, if:

- (A) any principal stock exchange, commodities exchange, futures exchange or over-the-counter market on which any Substantial Portion of the Fund Components is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended;
- (B) circumstances exist, as a result of which, in the opinion of the Index Sponsor it is not practicable to determine the Index Value in an accurate and fair manner;
- (C) a breakdown occurs in any of the means normally employed in ascertaining the value or the price of any Fund Component on any market or stock exchange on which such Fund Component is listed;
- (D) as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Index Sponsor, a valuation of any Substantial Portion of Fund Components, in the reasonable opinion of the Index Sponsor, is not reasonably practicable without this being seriously detrimental to the interests of an actual holder of the relevant Fund Component;

- (E) in the reasonable opinion of the Index Sponsor, the Index Value cannot be calculated fairly;
- (F) there is a breakdown in the means of communication normally employed in determining the Net Asset Value of any Fund Component;
- (G) for any other reason the value of any Fund Component cannot reasonably or fairly be ascertained;
or
- (H) payments to an actual holder of any Fund Component that are due on redemption of fund units in the reasonable opinion of the Index Sponsor cannot be effected at normal rates of exchange.

Such suspension shall take effect at such times as the Index Sponsor shall specify and thereafter there shall be no determination of the Index Value until the Index Sponsor declares the suspension at an end, except that the suspension shall terminate in any event on the first Index Business Day following the calendar day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised as set out above shall exist. Whenever the Index Sponsor shall declare a suspension of the determination of the Index Value then, as soon as practicable, the Index Sponsor shall cause a notice on the Man Investments Internet pages at <http://www.maninvestments.com> stating that such declaration has been made and at the end of any period of suspension the Index Sponsor shall cause another notice to be given on the Man Investments Internet pages at <http://www.maninvestments.com> stating that the period of suspension has ended.

4.6.3 Publication of the Index

The Index Value shall be calculated and published by the Index Sponsor on Bloomberg or any other data provider as the Index Sponsor deem appropriate. The Index Value is calculated in respect of the relevant Index Valuation Date.

4.6.4 Information on the Index Sponsor

The Index Sponsor of the Index is Man Investments Limited which is regulated by the Financial Services Authority in the conduct of its regulated activities in the United Kingdom. Man Investments Limited is a member of the Man Group.

Man Investments

A member of the Man Group, Man Investments is one of the world's largest hedge fund providers. It provides innovative investment vehicles, offering tailor-made solutions for private and institutional clients.

Established in 1983, it has launched more than 450 alternative investment products, many in partnership with leading financial institutions. Through its core investment managers (AHL, Glenwood, Man Global Strategies and RMF), Man Investments has succeeded in developing specialised strengths in alternative investments. This contributed to Man Investments being awarded 'European Asset Management Firm of the Decade' by Financial News in 2006.

As at 31 December 2006, Man Investments had approximately USD 60 billion under management.

Man Group plc

Originally established in 1783, Man Group plc is today a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. Man Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index of major UK listed companies. It has a market capitalisation of USD 16.0 billion.

5. MAN AP SPECTRUM EUR INDEX

The following sets out the current Index Description as of 20 March 2007. The Index Description is subject to change from time to time.

5.1 General Description of the Index

The Index is a EUR denominated index which primarily mirrors the (notional) performance of hedge funds and a cash balance. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components. The Index Value shall never be negative.

To achieve this, the Index will comprise, at any time, the following weighted constituents: (i) certain Fund Components, provided that these Fund Components meet the Composition Obligations and (ii) a Cash Component. The Cash Component can be positive or negative. Initially the Index will be exposed to 6 Fund Components.

In addition to these Index Constituents, which are included in the Index with the weightings assigned to them by the Index Sponsor, other elements will also be taken into account in the Index, that is, *inter alia*, a currency hedging factor, a corporate action factor and an adjustment factor.

The Index is composed and calculated by the Index Sponsor. The Index Sponsor selects components for the Index as set out below and will launch the Index as of the Initial Index Date at the Initial Index Value of EUR 1. Following the Initial Index Date, the Index Sponsor will review the composition of the Index and the weightings of the Index Constituents within the Index on an ongoing basis and in accordance with this Index Description. The weighting of any Index Constituent indicates the investment exposure of the Index to that Index Constituent. The sum of all the Fund Components' weightings corresponds to the total investment exposure of the Index to its Fund Components. The Index will start with an initial investment exposure to the Fund Components of approx. 150% of the Initial Index Value.

Subject to any financing restrictions, the total investment exposure to the Fund Components will be maintained at the targeted investment exposure of 150% of the then applicable Index Value. Following its initial composition, subject to section 1.5, the ongoing calculation of the Index is made by the Index Sponsor as of the Index Valuation Date on the Index Calculation Date. Index Values can be found on the Bloomberg page "NCPSEUR Index".

5.2 Fees

The Index Value will be adjusted to take account of the following deductions (unless otherwise stated the amounts set out below are annual rates that will accrue and be deducted from the Index Value every month):

- a management fee for the composition, calculation and rebalancing of the Index of 1.0% multiplied by the sum of the weightings of all Fund Components as of the respective Index Valuation Date, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a set-up and maintenance fee of up to 1.2% of the Initial Index Value for the first year and up to 0.8% of the Initial Index Value thereafter;
- a leverage fee equal to One-Month USD LIBOR plus a spread of up to 2%, charged on any negative allocation in the Cash Component; and
- an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index

Constituents would incur or receive if replicating the Index and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

In addition, the Fund Components may incur management fees at a rate of up to one-twelfth of 2% per month (approximately 2% per annum) of the investment exposure allocated to such Fund Component (i.e. the weighting of the Fund Component as determined by the Index Sponsor). A monthly incentive fee of up to 20% may also be charged based on the net increase in value attributable to each such Fund Component. In some cases, incentive fees may only be payable if the net increase in value exceeds a target or hurdle rate of return or exceeds a previously attained value for such Fund Component. Incentive fees may also be charged prior to the deduction of certain fees and expenses. Management fees and incentive fees will be calculated separately for each Fund Component and without set-off or averaging between Fund Components. All or a portion of these fees may be received by the Index Sponsor or its affiliates. In addition, the Fund Components may bear all costs and brokerage commissions associated with trading transactions which will include an introducing broker fee, payable to the Index Sponsor or its affiliates for an amount of up to 1% per annum of the respective investment exposure.

5.3 Definitions

For the purposes of this index description the following terms shall, unless expressly otherwise defined, have the following meanings:

"AF_t" means an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

"CAF_t" means a factor determined by the Index Sponsor at its reasonable discretion to take into account corporate actions or valuation corrections of the Fund Components as reported by the administrator of the relevant Fund Component at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such event.

"Cash Component" means a notional cash balance which can be positive, negative or zero. In order to maintain and/or achieve the targeted investment exposure of 150% of the then applicable Index Value, the cash balance may be negative.

"CH_t" represents a notional currency hedging transaction at time "t". This currency hedging factor will be applied in order to replicate a notional hedging of the currency exposure an actual holder of the Fund Components would enter into in respect of Fund Components that are not denominated in EUR. CH_t shall be calculated according to the following formula:

$$CH_t = \left[\left(\frac{1 + \text{One - Month EUR LIBOR}_{t-1}/12}{1 + \text{One - Month USD LIBOR}_{t-1}/12} - 1 \right) - P_{FXt} \right] \times (1 - W_{C(t)}) \times CHR_t$$

"CHR_t" means a currency hedging ratio determined at the reasonable discretion of the Index Sponsor reflecting the ratio between a notional currency hedging transaction the Index Sponsor would enter into and the currency exposure during month "t".

"Composition Obligations" means the following obligations the Index Sponsor will take into account when composing and rebalancing the Fund Components:

- (a) There shall be no less than 5 Fund Components and no more than 40 Fund Components at any time.

- (b) No Fund Component shall exceed 33% of the sum of the weightings of all Fund Components on the Initial Index Date and on any subsequent Index Valuation Date.
- (c) The sum of the weightings of all Fund Components will have a maximum target of 150% of the Index Value at any time.
- (d) Three months prior to the Maturity Date the Index Sponsor reserves the right to reduce the weightings of all Fund Components to 0% in favour of the Cash Component.

"**CU_{it}**" means the Cash Usage of the Fund Component "i" at time "t" which corresponds to the percentage level to which the notional exposure of the Fund Component "i" is cash funded at time "t" on the respective Index Valuation Date as determined by the Index Sponsor.

"**Derivatives**" means financial instruments whose characteristics and values depend upon the characteristics and values of an underlying instrument or asset, typically commodities, bonds, equities or currencies.

"**EUR**" means Euro.

"**Fund Components**" mean (i) AHL Feeder Ltd Class E: MGS AHL Institutional (AHL), (ii) Man Global Quant Alpha Investments Ltd (Bayswater), (iii) Man Arbitrage A NF Style Series (Man Global Strategies), (iv) Man Directional A NF Style Series (Man Global Strategies), (v) Man Equity Hedge A NF Style Series (Man Global Strategies) and (vi) Man Long/Short Equities A NF Style Series (Man Global Strategies) and any other Units in Investment Vehicles that may be added by the Index Sponsor to the Index to reflect market developments (preceding Fund Components have been listed with their legal name followed by the respective manager in brackets).

"**Index**" means the Man AP Spectrum EUR Index.

"**Index₀**" shall be 1.

"**Index Business Day**" means any calendar day (other than Saturday or Sunday) on which banks and stock exchanges are open for business in Bermuda, Dublin, London, New York, Jersey and Zurich and "Index Business Days" shall be construed accordingly.

"**Index Calculation Date**" means any Index Business Day no later than twenty-two Index Business Days after the Index Valuation Date.

"**Index Constituents**" means the Fund Components and the Cash Component.

"**Index₀^{Net}**" shall be 1.

"**Index_t^{Net}**" means the Index Value in EUR as calculated at the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t" by the Index Sponsor according to the following formula:

$$\text{Index}_t^{\text{Net}} = \text{Index}_{t-1}^{\text{Net}} \times \frac{\text{Index}_t}{\text{Index}_{t-1}} \times (1 - \text{MF}) - \text{SMF} - \text{AF}_t$$

"**Index Sponsor**" means Man Investments Limited, Sugar Quay, Lower Thames Street, London EC3R 6DU, England as the entity composing and calculating the Index or any successor of it.

"**Index_t**" is calculated according to the following formula:

$$\text{Index}_t = \text{Index}_{t-1} \times \left(1 + \sum_{i=1}^n (W_{it} \times P_{it}) + (1 - W_{C(t)}) \times P_{FXt} + CH_t + CAF_t \right)$$

"**Index Valuation Date**" means the last calendar day of each month.

"**Index Value**" means the value of **Index_t^{Net}** as calculated and published by the Index Sponsor on an Index Calculation Date for the preceding Index Valuation Date.

"**Initial Index Date**" being 15 August 2007 as the inception date of the Index.

"**Initial Index Value**" means EUR 1.

"**Investment Vehicles**" means investment funds, fund-type investment instruments (in particular collective investment schemes, investment companies, limited partnerships and trusts) and managed securities accounts that pursue a variety of alternative investment strategies

"**London Business Day**" is a calendar day on which banks in London are open for business.

"**Maturity Date**" means 31 July 2019.

"**MF**" means a notional monthly management fee for the composition and rebalancing of the Index and corresponds to 1/12 of 1.0% times the sum of the weightings of all Fund Components as of the respective Index Valuation Date.

"**MFPF_{i,t}**" means a management, brokerage and performance fee adjustment factor reflecting the fact that for some of the Fund Components comprising the Index the management, brokerage and performance fee outlined under section 1.2 are not charged or only partly charged at the Investment Vehicle level and therefore an adjustment factor has been introduced to mirror those fees in the Index calculation. However, whenever the applicable management and performance fee are fully charged at the respective Fund Component's level MFPF_{i,t} will be equal to one given that no adjustment is required.

"**n**" means the number of Index Constituents within the Index.

"**NAV_{i,t}**" means the net asset value of the Fund Component "i" at time "t" per Unit, on the respective Index Valuation Date, as determined by the administrator of the relevant Fund Component in each case net of all taxes which would be applicable to an actual holder of Units in such Fund Component and which, in the opinion of the Index Sponsor, shall be relevant for that purpose. If in respect of the Fund Component "i" neither a management fee nor a performance fee has been charged for the time period ending on the Index Valuation Date and starting on the preceding Index Valuation Date, the NAV_{i,t} as determined by the administrator shall be adjusted by the Index Sponsor to reflect such fees. The management fee shall be charged and calculated at a rate of up to one-twelfth of 2% per month on NAV_{i,t}. A monthly incentive fee of up to 20% shall also be charged based on the net increase in NAV_{i,t}. The incentive fee will only be payable if the net increase in value exceeds a previously attained value of NAV_{i,t}. NAV_{i,t} shall be rounded according to commercial conventions to four decimal places.

If NAV_{i,t} for a Fund Component is not available on an Index Calculation Date for the relevant Index Valuation Date, the Index Sponsor may, for the purposes of calculating and rebalancing the Index and with regard to the then prevailing market conditions, determine the Index Value on the basis of an unofficial NAV_{i,t} of that Fund Component as of the relevant Index Valuation Date or any other value of that Fund Component, estimated at its reasonable discretion.

"**One-Month EUR LIBOR_{t-1}**" means the 1 month EURIBOR fixing as set forth on Bloomberg page "EUR001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"**One-Month USD LIBOR_{t-1}**" means the 1 month USD LIBOR fixing as set forth on Bloomberg page "US0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"**P_{FX,t}**" means the performance of the USD/EUR exchange rate in the month "t", calculated according to the following formula:

$$P_{FX,t} = \frac{USDEUR_t - USDEUR_{t-1}}{USDEUR_{t-1}}$$

"**P_{i,t}**" means the performance of (i) each of the Fund Components or (ii) the Cash Component in the month "t".

The performance of each of the Fund Components in the month "t" will be calculated according to the following formula:

$$P_{i,t} = CU_{i,t-1} \times MFPP_{i,t-1} \times \frac{NAV_{i,t} - NAV_{i,t-1}}{NAV_{i,t-1}}$$

The Cash Component will perform during the month t at One-Month USD LIBOR_{t-1} if a positive cash balance applies while at One-Month USD LIBOR_{t-1} plus a spread of up to 2% in the case of a negative cash balance.

"**SMF**" means a notional set-up and maintenance fee and corresponds to 1/12 of up to 1.2% of the Initial Index Value for the first 12 Index Valuation Dates and up to 1/12 of 0.8% of the Initial Index Value thereafter.

"**Substantial Portion**" shall mean a proportion that would have a material impact on determining the value of the Index, and which proportion and materiality shall be determined in the reasonable discretion of the Index Sponsor.

"**Unit**" means any kind of participation in an Investment Vehicle irrespective of the legal structure thereof.

"**USD**" or "**Dollars**" means the legal currency of the United States of America.

"**USDEUR_t**" means the currency exchange rate between USD and EUR as set forth on Bloomberg page "USDEUR Curncy" for the last London Business Day of month t based on the mid price.

"**W_{it}**" means the notional weighting exposure assigned to each of the Fund Components or the Cash Component ("W_c") by the Index Sponsor which applies to the month "t". The maximum target aggregate weight of the Fund Components will be 150% of the Index Value at any time.

5.4 Composition of the Index

The Index will comprise from time to time, weighted exposure to each of the Fund Components and the Cash Component, as determined by the Index Sponsor. The Fund Components will be composed in accordance with the Composition Obligations.

The methodology to compose and calculate the Index may be subject to modifications or changes as a consequence of market, regulatory, legal, financial or fiscal circumstances. Following the initial composition of the Index, subject to the objective of the Index set out in section 1 and the Composition Obligations, the Index Sponsor in its own discretion will adjust the composition of the Index from time to time. This may be done by one or a combination of (i) adjusting the weights of the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components.

The Fund Components selected by the Index Sponsor on the Initial Index Date will give, directly or indirectly, exposure to the following trading programmes and styles:

- AHL Institutional Programme (Managed futures)
- Bayswater Macro Programme (Directional)
- Arbitrage
- Directional
- Equity hedge
- Long/short equities

The above list is not comprehensive and the Index Sponsor may select Fund Components applying investment approaches other than those outlined above.

Brief descriptions of these trading programmes and styles are provided below. These descriptions may change over time due to developments in the hedge funds market.

Introduction to AHL and Bayswater

Both AHL and Bayswater share the philosophy that financial markets are efficient. Both managers apply non-discretionary models to capitalise on these inefficiencies. The managers continually research new markets and strategies and constantly refine their trading models to maintain their competitive advantage.

However, while sharing certain characteristics, they seek to generate alpha in fundamentally different ways. AHL uses technical analysis – exclusively based on historical data - to identify opportunities to profit from price movements, taking advantage of strong market trends and exploiting inefficiencies in global financial markets. Bayswater uses fundamental analysis – exclusively forward looking - to capture relative value price differentials, prices returning to fair value (mean reversion) in developed financial markets.

The two managers also trade in a different number of markets over varying time horizons and frequencies. AHL generally makes a large number of trades, sometimes on a daily basis, in a wide range of markets around the world, while Bayswater tends to trade less frequently in a far smaller range of highly-liquid, developed markets.

The AHL Institutional Programme and the Bayswater Macro Programme seek to capture profits at different points of a market cycle, meaning the two approaches should have relatively low correlation over the medium term.

The AHL Institutional Programme

Strong performance

The AHL Institutional Programme trades 24 hours a day using real-time price information to respond to price movements across a diverse range of global markets encompassing stock indices, bonds, currencies, short-term interest rates and commodities. The instruments traded are primarily futures contracts and foreign exchange and metal forwards.

Robust investment management

AHL's investment approach stresses diversification, risk management, efficiency and research. Diversification is achieved across sectors, markets systems and strategies.

The AHL Institutional Programme market exposures¹

1	Currencies	26.4 %
2	Bonds	21.5 %
3	Energies	19.2 %
4	Stocks	15.5 %
5	Interest rates	9.4 %
6	Metals	8.1 %

Risk management

¹ The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The figures are based on estimates of the risk of each sector at 31 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

AHL's approach to risk management emphasises the importance of deploying investment capital across the full range of sectors and markets. The main factors that determine asset allocations to different sectors and markets are:

- correlations between markets and sectors;
- expected returns;
- trading costs; and
- liquidity.

Also central to AHL's risk management is:

- ongoing risk measurement backed by sophisticated analytical instruments and systems;
- analysing and modifying market and sector exposures in line with real time changes in the volatility or risk of individual markets; and
- daily stress-testing of portfolios to ensure portfolio robustness, using current market positions and historical price data back to 1980.

Efficiency

AHL is distinguished by the strength of its investment infrastructure. Investment in the latest computer technology is substantial, and the benefits from this infrastructure flow through into greater trading efficiencies.

The trade execution team operates on a non-discretionary basis, 24 hours a day, alongside the investment management team in London. This team continually monitors market volume, liquidity, brokerage and trade execution to ensure optimum efficiency and best value trading costs.

Pioneering research

AHL employs 48 leading industry professionals who work at the cutting edge of the investment management industry. This team conducts sophisticated research into every aspect of the investment management process.

Continuing its pioneering research is central to AHL's ability to extract efficiency gains and extend the range and versatility of its investment techniques into new areas, taking into account developments in global markets.

AHL introduces new techniques, strategies and markets into the AHL Institutional Programme to capture additional profit opportunities and increase the diversification and overall robustness of the portfolio. AHL does this in a disciplined manner, following detailed statistical analysis, rigorous testing and live trading using proprietary capital.

The Bayswater Macro Programme

The Bayswater Macro Programme evaluates fundamental data (e.g. interest rate levels and other indicators of economic conditions) in a quantitative way to determine if developed equity, bond and currency markets are undervalued or overvalued. It then takes correspondingly long or short position in those markets.

Trades are executed through equity index futures, currency forwards, government bond futures and interest rate swaps. The majority of these trades are of a relative value nature, i.e. the Bayswater Macro Programme aims for an essentially market neutral exposure to bond, currency and equity markets.

The model aims to generate alpha and minimise risk through its:

- diversification of markets and strategies - five hedge fund strategies are employed to evaluate and identify mispricings in developed equity, currency and bond markets;
- systematic and proprietary investment model - the investment process is systematic, proprietary and non-discretionary – using economic and financial data to evaluate relative mispricings on a global basis; and
- dynamic risk management - the model targets a certain level of risk. Daily monitoring of the portfolio and weekly stress-testing allow for thorough risk management

The Bayswater programme employs five diversified strategies:

1. global currency selection aims to capitalise on mispricings across developed currency markets;
2. market directional aims to capitalise on the price inefficiencies of global equity risk premiums (versus bonds);
3. global equity selection aims to capitalise on mispricings across developed equity markets;
4. global bond selection aims to capitalise on mispricings across developed bond markets; and
5. yield curve arbitrage aims to exploit mispricings across bonds of different durations.

Bayswater Macro Programme strategy exposures¹

As at 1 December 2006

1	Market directional	29 %
2	Global currency selection	27 %
3	Global equity selection	20 %
4	Global bond selection	14 %
5	Yield curve arbitrage	10 %

¹ The strategy allocations are designed to reflect the expected long-term risk exposure to each strategy relative to the other strategies in the portfolio. The figures are based on estimates of the risk of each strategy as at 1 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and strategy allocations will change accordingly.

Complementary investment approaches

Arbitrage

The arbitrage style includes investment strategies that typically exploit pricing anomalies between related securities within and between markets. By establishing long positions in undervalued assets and short positions in overvalued assets, these strategies aim to capture profit opportunities that arise from the changing price relationship between the assets concerned. Strategies tend to be relative value or event driven in nature, and include convertible bond, fixed income, merger, special situations and multi-strategy arbitrage approaches. They are designed to produce positive returns independent of the overall direction of broad market prices with relatively low volatility in all market environments.

Directional

The directional style includes investment strategies that employ ‘top-down’ analysis of macroeconomic and financial conditions to uncover pricing inefficiencies that arise in countries as a result of political or economic changes at both a regional and national level. They centre primarily on global macro, opportunistic and discretionary trading approaches, which may include relative value investing in emerging markets. The style may involve significant net long or short exposure to securities, interest rates, commodities and currencies within countries or groupings of countries. Strategies produce returns that are generally uncorrelated to traditional asset classes and other hedge fund styles.

Equity hedge

The equity hedge style includes investment strategies that are relative value and market neutral (either dollar or beta) or high-hedge in nature. It aims to profit from identifying equities deemed to be undervalued or overvalued in relation to other stocks or groups of stocks, often within a sector. Investment decisions are commonly executed within a systematic framework. Stock selection tends to be based on either price based analysis, which is usual in the case of statistical arbitrage models, or various measures of fundamental value. Sometimes multi-factor models combining both technical and fundamental measures are employed. The performance of strategies is typically expected to show relatively low correlation and beta to the markets traded. Equity hedge strategies are often characterised by a relatively high trading frequency. Strategies within this category aim to achieve consistent returns with relatively low volatility in all market environments.

Long/short equities

The long/short equities style includes investment strategies that trade long and short without any necessary restriction and therefore may have variable or consistent net bias. They aim to profit from identifying stocks deemed to be undervalued or overvalued on an outright basis – an approach commonly known as ‘stock picking’. The performance of these strategies is typically expected to show higher correlation and beta to the markets traded than equity hedge strategies. Volatility also tends to be higher than for equity hedge strategies. The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector lines.

At the Initial Index Date the Index Constituents are currently expected to have approximately the following weightings:

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
AHL Feeder Ltd Class E: MGS AHL	AHL	AHL	37.5%

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
Institutional		Institutional Programme (Managed futures)	
Man Global Quant Alpha Investments Ltd	Bayswater	Bayswater Macro Programme (Directional)	37.5%
Man Arbitrage A NF Style Series	Man Global Strategies	Arbitrage	23.0%
Man Directional A NF Style Series	Man Global Strategies	Directional	22.0%
Man Equity Hedge A NF Style Series	Man Global Strategies	Equity hedge	11.0%
Man Long/Short Equities A NF Style Series	Man Global Strategies	Long/short equities	19.0%

5.5 Weighting and Composition

When managing the Index, the Index Sponsor shall always consider the following principles for its overall composition:

5.5.1 Fund Components

5.5.1.1 Weighting

The weighting of Fund Components within the Index shall be evaluated having regard to numerous factors. The main composition objective of the Index Sponsor is to create an index that mirrors the performance of a portfolio of certain Fund Components. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components.

There can be no assurance that the above-mentioned return objectives of the Index Sponsor will be achieved, and the performance of the Index may vary substantially over time. The Fund Components may utilize, subject to applicable regulations, forward and futures contracts, options, swaps, other Derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase a negative performance of the Fund Components and therefore of the Index.

5.5.1.2 Composition

The Index Sponsor may, at any time and from time to time exclude any existing Fund Component from the Index or include a new Fund Component in the Index provided that the Index remains in compliance with the Composition Obligations.

5.5.2 Weight of the Cash Component

The weight of the Cash Component will vary according to the performance of the Index and will be, amongst others, a function of the values of the other Index Constituents.

5.5.3 Changes in the Composition of the Index

The performance and investment strategy of each Index Constituent will be subject to a continuous monitoring process by the Index Sponsor. As a consequence, the weightings attributed to the Fund Component will vary over time based on the actual performance of each Index Constituent and the expected outlooks for the different investment strategies. The composition of and the weightings within the Index will be reviewed on an ongoing basis and the composition of the Index from time to time will be adjusted by the Index Sponsor. This may be done by one or a combination of (i) adjusting the weights of the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components. Furthermore, the Fund Components' weighting will fluctuate as a function of the Fund Components' individual performance.

5.6 Calculation and Publication of the Index Value

5.6.1 Calculation and Index Formula

The Index is denominated in EUR, i.e. 1 index point of the Index corresponds to EUR 1 of **Index_t^{Net}**. **Index_t^{Net}** is derived from **Index_{t-1}^{Net}** and the quotient of **Index_t** and **Index_{t-1}** taking into account the applicable management fee MF and the applicable set-up and maintenance fee SMF as calculated by the Index Sponsor and the adjustment factor AF_t as determined by the Index Sponsor. **Index_t^{Net}** is calculated to four decimal places and rounded according to commercial conventions. **Index_t** is derived from **Index_{t-1}** multiplied by the sum of (i) the weighted performance of the respective Fund Component and the weighted performance of the Cash Component, (ii) the weighted performance on the exchange rate exposure, (iii) the currency hedging factor CH_t, (iv) the corporate action factor CAF_t and (v) one.

5.6.2 Suspension of Index Calculation

The Index Sponsor may at any time and from time to time suspend the composition of the Index and the calculation of the Index Value, if:

- (A) any principal stock exchange, commodities exchange, futures exchange or over-the-counter market on which any Substantial Portion of the Fund Components is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended;
- (B) circumstances exist, as a result of which, in the opinion of the Index Sponsor it is not practicable to determine the Index Value in an accurate and fair manner;
- (C) a breakdown occurs in any of the means normally employed in ascertaining the value or the price of any Fund Component on any market or stock exchange on which such Fund Component is listed;
- (D) as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Index Sponsor, a valuation of any Substantial Portion of Fund Components, in the reasonable opinion of the Index Sponsor, is not reasonably practicable without this being seriously detrimental to the interests of an actual holder of the relevant Fund Component;

- (E) in the reasonable opinion of the Index Sponsor, the Index Value cannot be calculated fairly;
- (F) there is a breakdown in the means of communication normally employed in determining the Net Asset Value of any Fund Component;
- (G) for any other reason the value of any Fund Component cannot reasonably or fairly be ascertained;
or
- (H) payments to an actual holder of any Fund Component that are due on redemption of fund units in the reasonable opinion of the Index Sponsor cannot be effected at normal rates of exchange.

Such suspension shall take effect at such times as the Index Sponsor shall specify and thereafter there shall be no determination of the Index Value until the Index Sponsor declares the suspension at an end, except that the suspension shall terminate in any event on the first Index Business Day following the calendar day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised as set out above shall exist. Whenever the Index Sponsor shall declare a suspension of the determination of the Index Value then, as soon as practicable, the Index Sponsor shall cause a notice on the Man Investments Internet pages at <http://www.maninvestments.com> stating that such declaration has been made and at the end of any period of suspension the Index Sponsor shall cause another notice to be given on the Man Investments Internet pages at <http://www.maninvestments.com> stating that the period of suspension has ended.

5.6.3 Publication of the Index

The Index Value shall be calculated and published by the Index Sponsor on Bloomberg or any other data provider as the Index Sponsor deem appropriate. The Index Value is calculated in respect of the relevant Index Valuation Date.

5.6.4 Information on the Index Sponsor

The Index Sponsor of the Index is Man Investments Limited which is regulated by the Financial Services Authority in the conduct of its regulated activities in the United Kingdom. Man Investments Limited is a member of the Man Group.

Man Investments

A member of the Man Group, Man Investments is one of the world's largest hedge fund providers. It provides innovative investment vehicles, offering tailor-made solutions for private and institutional clients.

Established in 1983, it has launched more than 450 alternative investment products, many in partnership with leading financial institutions. Through its core investment managers (AHL, Glenwood, Man Global Strategies and RMF), Man Investments has succeeded in developing specialised strengths in alternative investments. This contributed to Man Investments being awarded 'European Asset Management Firm of the Decade' by Financial News in 2006.

As at 31 December 2006, Man Investments had approximately USD 60 billion under management.

Man Group plc

Originally established in 1783, Man Group plc is today a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. Man Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index of major UK listed companies. It has a market capitalisation of USD 16.0 billion.

6. MAN AP SPECTRUM USD INDEX

The following sets out the current Index Description as of 20 March 2007. The Index Description is subject to change from time to time.

6.1 General Description of the Index

The Index is a USD denominated index which primarily mirrors the (notional) performance of hedge funds and a cash balance. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components. The Index Value shall never be negative.

To achieve this, the Index will comprise, at any time, the following weighted constituents: (i) certain Fund Components, provided that these Fund Components meet the Composition Obligations and (ii) a Cash Component. The Cash Component can be positive or negative. Initially the Index will be exposed to 6 Fund Components.

In addition to these Index Constituents, which are included in the Index with the weightings assigned to them by the Index Sponsor, other elements will also be taken into account in the Index, that is, *inter alia*, a corporate action factor and an adjustment factor.

The Index is composed and calculated by the Index Sponsor. The Index Sponsor selects components for the Index as set out below and will launch the Index as of the Initial Index Date at the Initial Index Value of USD 1. Following the Initial Index Date, the Index Sponsor will review the composition of the Index and the weightings of the Index Constituents within the Index on an ongoing basis and in accordance with this Index Description. The weighting of any Index Constituent indicates the investment exposure of the Index to that Index Constituent. The sum of all the Fund Components' weightings corresponds to the total investment exposure of the Index to its Fund Components. The Index will start with an initial investment exposure to the Fund Components of approx. 150% of the Initial Index Value.

Subject to any financing restrictions, the total investment exposure to the Fund Components will be maintained at the targeted investment exposure of 150% of the then applicable Index Value. Following its initial composition, subject to section 1.5, the ongoing calculation of the Index is made by the Index Sponsor as of the Index Valuation Date on the Index Calculation Date. Index Values can be found on the Bloomberg page "NCPSUSD Index".

6.2 Fees

The Index Value will be adjusted to take account of the following deductions (unless otherwise stated the amounts set out below are annual rates that will accrue and be deducted from the Index Value every month):

- a management fee for the composition, calculation and rebalancing of the Index of 1.0% multiplied by the sum of the weightings of all Fund Components as of the respective Index Valuation Date, calculated by reference to the Index Value as of the respective Index Valuation Date;
- a set-up and maintenance fee of up to 1.2% of the Initial Index Value for the first year and up to 0.8% of the Initial Index Value thereafter;
- a leverage fee equal to One-Month USD LIBOR plus a spread of up to 2%, charged on any negative allocation in the Cash Component; and
- an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index

Constituents would incur or receive if replicating the Index and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

In addition, the Fund Components may incur management fees at a rate of up to one-twelfth of 2% per month (approximately 2% per annum) of the investment exposure allocated to such Fund Component (i.e. the weighting of the Fund Component as determined by the Index Sponsor). A monthly incentive fee of up to 20% may also be charged based on the net increase in value attributable to each such Fund Component. In some cases, incentive fees may only be payable if the net increase in value exceeds a target or hurdle rate of return or exceeds a previously attained value for such Fund Component. Incentive fees may also be charged prior to the deduction of certain fees and expenses. Management fees and incentive fees will be calculated separately for each Fund Component and without set-off or averaging between Fund Components. All or a portion of these fees may be received by the Index Sponsor or its affiliates. In addition, the Fund Components may bear all costs and brokerage commissions associated with trading transactions which will include an introducing broker fee, payable to the Index Sponsor or its affiliates for an amount of up to 1% per annum of the respective investment exposure.

6.3 Definitions

For the purposes of this index description the following terms shall, unless expressly otherwise defined, have the following meanings:

"AF_t" means an adjustment factor determined at the reasonable discretion of the Index Sponsor reflecting the appropriate costs or the corresponding returns, as the case may be, an actual holder of the Index Constituents would incur or receive if replicating the Index at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such costs or notional receipt of such returns.

"CAF_t" means a factor determined by the Index Sponsor at its reasonable discretion to take into account corporate actions or valuation corrections of the Fund Components as reported by the administrator of the relevant Fund Component at time "t" and which shall be incorporated into the Index on the first Index Calculation Date following the notional incurrence of such event.

"Cash Component" means a notional cash balance which can be positive, negative or zero. In order to maintain and/or achieve the targeted investment exposure of 150% of the then applicable Index Value, the cash balance may be negative.

"Composition Obligations" means the following obligations the Index Sponsor will take into account when composing and rebalancing the Fund Components:

- (a) There shall be no less than 5 Fund Components and no more than 40 Fund Components at any time.
- (b) No Fund Component shall exceed 33% of the sum of the weightings of all Fund Components on the Initial Index Date and on any subsequent Index Valuation Date.
- (c) The sum of the weightings of all Fund Components will have a maximum target of 150% of the Index Value at any time.
- (d) Three months prior to the Maturity Date the Index Sponsor reserves the right to reduce the weightings of all Fund Components to 0% in favour of the Cash Component.

"CU_{it}" means the Cash Usage of the Fund Component "i" at time "t" which corresponds to the percentage level to which the notional exposure of the Fund Component "i" is cash funded at time "t" on the respective Index Valuation Date as determined by the Index Sponsor.

"Derivatives" means financial instruments whose characteristics and values depend upon the characteristics and values of an underlying instrument or asset, typically commodities, bonds, equities or currencies.

"Fund Components" mean (i) AHL Feeder Ltd Class E: MGS AHL Institutional (AHL), (ii) Man Global Quant Alpha Investments Ltd (Bayswater), (iii) Man Arbitrage A NF Style Series (Man Global Strategies), (iv) Man Directional A NF Style Series (Man Global Strategies), (v) Man Equity Hedge A NF Style Series (Man Global Strategies) and (vi) Man Long/Short Equities A NF Style Series (Man Global Strategies) and any other Units in Investment Vehicles that may be added by the Index Sponsor to the Index to reflect market developments (preceding Fund Components have been listed with their legal name followed by the respective manager in brackets).

"Index" means the Man AP Spectrum USD Index.

"Index₀" shall be 1.

"Index Business Day" means any calendar day (other than Saturday or Sunday) on which banks and stock exchanges are open for business in Bermuda, Dublin, London, New York, Jersey and Zurich and "Index Business Days" shall be construed accordingly.

"Index Calculation Date" means any Index Business Day no later than twenty-two Index Business Days after the Index Valuation Date.

"Index Constituents" means the Fund Components and the Cash Component.

"Index₀^{Net}" shall be 1.

"Index_t^{Net}" means the Index Value in USD as calculated at the relevant Index Calculation Date "t" for the relevant Index Valuation Date "t" by the Index Sponsor according to the following formula:

$$\text{Index}_t^{\text{Net}} = \text{Index}_{t-1}^{\text{Net}} \times \frac{\text{Index}_t}{\text{Index}_{t-1}} \times (1 - \text{MF}) - \text{SMF} - \text{AF}_t$$

"Index Sponsor" means Man Investments Limited, Sugar Quay, Lower Thames Street, London EC3R 6DU, England as the entity composing and calculating the Index or any successor of it.

"Index_t" is calculated according to the following formula:

$$\text{Index}_t = \text{Index}_{t-1} \times \left(1 + \sum_{i=1}^n (W_{it} \times P_{it}) + \text{CAF}_t \right)$$

"Index Valuation Date" means the last calendar day of each month.

"Index Value" means the value of **Index_t^{Net}** as calculated and published by the Index Sponsor on an Index Calculation Date for the preceding Index Valuation Date.

"Initial Index Date" being 15 August 2007 as the inception date of the Index.

"Initial Index Value" means USD 1.

"Investment Vehicles" means investment funds, fund-type investment instruments (in particular collective investment schemes, investment companies, limited partnerships and trusts) and managed securities accounts that pursue a variety of alternative investment strategies

"**London Business Day**" is a calendar day on which banks in London are open for business.

"**Maturity Date**" means 31 July 2019.

"**MF**" means a notional monthly management fee for the composition and rebalancing of the Index and corresponds to 1/12 of 1.0% times the sum of the weightings of all Fund Components as of the respective Index Valuation Date.

"**MFPF_{i,t}**" means a management, brokerage and performance fee adjustment factor reflecting the fact that for some of the Fund Components comprising the Index the management, brokerage and performance fee outlined under section 1.2 are not charged or only partly charged at the Investment Vehicle level and therefore an adjustment factor has been introduced to mirror those fees in the Index calculation. However, whenever the applicable management and performance fee are fully charged at the respective Fund Component's level MFPF_{i,t} will be equal to one given that no adjustment is required.

"**n**" means the number of Index Constituents within the Index.

"**NAV_{i,t}**" means the net asset value of the Fund Component "i" at time "t" per Unit, on the respective Index Valuation Date, as determined by the administrator of the relevant Fund Component in each case net of all taxes which would be applicable to an actual holder of Units in such Fund Component and which, in the opinion of the Index Sponsor, shall be relevant for that purpose. If in respect of the Fund Component "i" neither a management fee nor a performance fee has been charged for the time period ending on the Index Valuation Date and starting on the preceding Index Valuation Date, the NAV_{i,t} as determined by the administrator shall be adjusted by the Index Sponsor to reflect such fees. The management fee shall be charged and calculated at a rate of up to one-twelfth of 2% per month on NAV_{i,t}. A monthly incentive fee of up to 20% shall also be charged based on the net increase in NAV_{i,t}. The incentive fee will only be payable if the net increase in value exceeds a previously attained value of NAV_{i,t}. NAV_{i,t} shall be rounded according to commercial conventions to four decimal places.

If NAV_{i,t} for a Fund Component is not available on an Index Calculation Date for the relevant Index Valuation Date, the Index Sponsor may, for the purposes of calculating and rebalancing the Index and with regard to the then prevailing market conditions, determine the Index Value on the basis of an unofficial NAV_{i,t} of that Fund Component as of the relevant Index Valuation Date or any other value of that Fund Component, estimated at its reasonable discretion.

"**One-Month USD LIBOR_{t-1}**" means the 1 month USD LIBOR fixing as set forth on Bloomberg page "US0001M Curncy" two London Business Days prior to the Index Valuation Date t-1.

"**P_{i,t}**" means the performance of (i) each of the Fund Components or (ii) the Cash Component in the month "t".

The performance of each of the Fund Components in the month "t" will be calculated according to the following formula:

$$P_{i,t} = CU_{i,t-1} \times MFPF_{i,t-1} \times \frac{NAV_{i,t} - NAV_{i,t-1}}{NAV_{i,t-1}}$$

The Cash Component will perform during the month t at One-Month USD LIBOR_{t-1} if a positive cash balance applies while at One-Month USD LIBOR_{t-1} plus a spread of up to 2% in the case of a negative cash balance.

"**SMF**" means a notional set-up and maintenance fee and corresponds to 1/12 of up to 1.2% of the Initial Index Value for the first 12 Index Valuation Dates and up to 1/12 of 0.8% of the Initial Index Value thereafter.

"**Substantial Portion**" shall mean a proportion that would have a material impact on determining the value of the Index, and which proportion and materiality shall be determined in the reasonable discretion of the Index Sponsor.

"**Unit**" means any kind of participation in an Investment Vehicle irrespective of the legal structure thereof.

"**USD**" or "**Dollars**" means the legal currency of the United States of America.

"**W_{it}**" means the notional weighting exposure assigned to each of the Fund Components or the Cash Component by the Index Sponsor which applies to the month "t". The maximum target aggregate weight of the Fund Components will be 150% of the Index Value at any time.

6.4 Composition of the Index

The Index will comprise from time to time, weighted exposure to each of the Fund Components and the Cash Component, as determined by the Index Sponsor. The Fund Components will be composed in accordance with the Composition Obligations.

The methodology to compose and calculate the Index may be subject to modifications or changes as a consequence of market, regulatory, legal, financial or fiscal circumstances. Following the initial composition of the Index, subject to the objective of the Index set out in section 1 and the Composition Obligations, the Index Sponsor in its own discretion will adjust the composition of the Index from time to time. This may be done by one or a combination of (i) adjusting the weights of the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components.

The Fund Components selected by the Index Sponsor on the Initial Index Date will give, directly or indirectly, exposure to the following trading programmes and styles:

- AHL Institutional Programme (Managed futures)
- Bayswater Macro Programme (Directional)
- Arbitrage
- Directional
- Equity hedge
- Long/short equities

The above list is not comprehensive and the Index Sponsor may select Fund Components applying investment approaches other than those outlined above.

Brief descriptions of these trading programmes and styles are provided below. These descriptions may change over time due to developments in the hedge funds market.

Introduction to AHL and Bayswater

Both AHL and Bayswater share the philosophy that financial markets are efficient. Both managers apply non-discretionary models to capitalise on these inefficiencies. The managers continually research new markets and strategies and constantly refine their trading models to maintain their competitive advantage.

However, while sharing certain characteristics, they seek to generate alpha in fundamentally different ways. AHL uses technical analysis – exclusively based on historical data - to identify opportunities to profit from price movements, taking advantage of strong market trends and exploiting inefficiencies in global financial markets. Bayswater uses fundamental analysis – exclusively forward looking - to capture relative value price differentials, prices returning to fair value (mean reversion) in developed financial markets.

The two managers also trade in a different number of markets over varying time horizons and frequencies. AHL generally makes a large number of trades, sometimes on a daily basis, in a wide range of markets around the world, while Bayswater tends to trade less frequently in a far smaller range of highly-liquid, developed markets.

The AHL Institutional Programme and the Bayswater Macro Programme seek to capture profits at different points of a market cycle, meaning the two approaches should have relatively low correlation over the medium term.

The AHL Institutional Programme

Strong performance

The AHL Institutional Programme trades 24 hours a day using real-time price information to respond to price movements across a diverse range of global markets encompassing stock indices, bonds, currencies, short-term interest rates and commodities. The instruments traded are primarily futures contracts and foreign exchange and metal forwards.

Robust investment management

AHL's investment approach stresses diversification, risk management, efficiency and research. Diversification is achieved across sectors, markets systems and strategies.

The AHL Institutional Programme market exposures¹

1	Currencies	26.4 %
2	Bonds	21.5 %
3	Energies	19.2 %
4	Stocks	15.5 %
5	Interest rates	9.4 %
6	Metals	8.1 %

Risk management

¹ The sector allocations are designed to reflect the expected long-term risk exposure to each sector relative to the other sectors in the portfolio. The figures are based on estimates of the risk of each sector at 31 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and sector allocations will change accordingly.

AHL's approach to risk management emphasises the importance of deploying investment capital across the full range of sectors and markets. The main factors that determine asset allocations to different sectors and markets are:

- correlations between markets and sectors;
- expected returns;
- trading costs; and
- liquidity.

Also central to AHL's risk management is:

- ongoing risk measurement backed by sophisticated analytical instruments and systems;
- analysing and modifying market and sector exposures in line with real time changes in the volatility or risk of individual markets; and
- daily stress-testing of portfolios to ensure portfolio robustness, using current market positions and historical price data back to 1980.

Efficiency

AHL is distinguished by the strength of its investment infrastructure. Investment in the latest computer technology is substantial, and the benefits from this infrastructure flow through into greater trading efficiencies.

The trade execution team operates on a non-discretionary basis, 24 hours a day, alongside the investment management team in London. This team continually monitors market volume, liquidity, brokerage and trade execution to ensure optimum efficiency and best value trading costs.

Pioneering research

AHL employs 48 leading industry professionals who work at the cutting edge of the investment management industry. This team conducts sophisticated research into every aspect of the investment management process.

Continuing its pioneering research is central to AHL's ability to extract efficiency gains and extend the range and versatility of its investment techniques into new areas, taking into account developments in global markets.

AHL introduces new techniques, strategies and markets into the AHL Institutional Programme to capture additional profit opportunities and increase the diversification and overall robustness of the portfolio. AHL does this in a disciplined manner, following detailed statistical analysis, rigorous testing and live trading using proprietary capital.

The Bayswater Macro Programme

The Bayswater Macro Programme evaluates fundamental data (e.g. interest rate levels and other indicators of economic conditions) in a quantitative way to determine if developed equity, bond and currency markets are undervalued or overvalued. It then takes correspondingly long or short position in those markets.

Trades are executed through equity index futures, currency forwards, government bond futures and interest rate swaps. The majority of these trades are of a relative value nature, i.e. the Bayswater Macro Programme aims for an essentially market neutral exposure to bond, currency and equity markets.

The model aims to generate alpha and minimise risk through its:

- diversification of markets and strategies - five hedge fund strategies are employed to evaluate and identify mispricings in developed equity, currency and bond markets;
- systematic and proprietary investment model - the investment process is systematic, proprietary and non-discretionary – using economic and financial data to evaluate relative mispricings on a global basis; and
- dynamic risk management - the model targets a certain level of risk. Daily monitoring of the portfolio and weekly stress-testing allow for thorough risk management

The Bayswater programme employs five diversified strategies:

1. global currency selection aims to capitalise on mispricings across developed currency markets;
2. market directional aims to capitalise on the price inefficiencies of global equity risk premiums (versus bonds);
3. global equity selection aims to capitalise on mispricings across developed equity markets;
4. global bond selection aims to capitalise on mispricings across developed bond markets; and
5. yield curve arbitrage aims to exploit mispricings across bonds of different durations.

Bayswater Macro Programme strategy exposures¹

As at 1 December 2006

1	Market directional	29 %
2	Global currency selection	27 %
3	Global equity selection	20 %
4	Global bond selection	14 %
5	Yield curve arbitrage	10 %

¹ The strategy allocations are designed to reflect the expected long-term risk exposure to each strategy relative to the other strategies in the portfolio. The figures are based on estimates of the risk of each strategy as at 1 December 2006. The portfolio structure and constituents are regularly reviewed by the investment management team and strategy allocations will change accordingly.

Complementary investment approaches

Arbitrage

The arbitrage style includes investment strategies that typically exploit pricing anomalies between related securities within and between markets. By establishing long positions in undervalued assets and short positions in overvalued assets, these strategies aim to capture profit opportunities that arise from the changing price relationship between the assets concerned. Strategies tend to be relative value or event driven in nature, and include convertible bond, fixed income, merger, special situations and multi-strategy arbitrage approaches. They are designed to produce positive returns independent of the overall direction of broad market prices with relatively low volatility in all market environments.

Directional

The directional style includes investment strategies that employ ‘top-down’ analysis of macroeconomic and financial conditions to uncover pricing inefficiencies that arise in countries as a result of political or economic changes at both a regional and national level. They centre primarily on global macro, opportunistic and discretionary trading approaches, which may include relative value investing in emerging markets. The style may involve significant net long or short exposure to securities, interest rates, commodities and currencies within countries or groupings of countries. Strategies produce returns that are generally uncorrelated to traditional asset classes and other hedge fund styles.

Equity hedge

The equity hedge style includes investment strategies that are relative value and market neutral (either dollar or beta) or high-hedge in nature. It aims to profit from identifying equities deemed to be undervalued or overvalued in relation to other stocks or groups of stocks, often within a sector. Investment decisions are commonly executed within a systematic framework. Stock selection tends to be based on either price based analysis, which is usual in the case of statistical arbitrage models, or various measures of fundamental value. Sometimes multi-factor models combining both technical and fundamental measures are employed. The performance of strategies is typically expected to show relatively low correlation and beta to the markets traded. Equity hedge strategies are often characterised by a relatively high trading frequency. Strategies within this category aim to achieve consistent returns with relatively low volatility in all market environments.

Long/short equities

The long/short equities style includes investment strategies that trade long and short without any necessary restriction and therefore may have variable or consistent net bias. They aim to profit from identifying stocks deemed to be undervalued or overvalued on an outright basis – an approach commonly known as ‘stock picking’. The performance of these strategies is typically expected to show higher correlation and beta to the markets traded than equity hedge strategies. Volatility also tends to be higher than for equity hedge strategies. The aim of portfolio construction in this area is to achieve exposure to investment expertise in complementary areas, across geographical and/or sector lines.

At the Initial Index Date the Index Constituents are currently expected to have approximately the following weightings:

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
AHL Feeder Ltd Class E: MGS AHL	AHL	AHL	37.5%

Index Constituent	Manager	Trading Programme/ Style	Initial Indicative Percentage Weightings of the Initial Index Value
Institutional		Institutional Programme (Managed futures)	
Man Global Quant Alpha Investments Ltd	Bayswater	Bayswater Macro Programme (Directional)	37.5%
Man Arbitrage A NF Style Series	Man Global Strategies	Arbitrage	23.0%
Man Directional A NF Style Series	Man Global Strategies	Directional	22.0%
Man Equity Hedge A NF Style Series	Man Global Strategies	Equity hedge	11.0%
Man Long/Short Equities A NF Style Series	Man Global Strategies	Long/short equities	19.0%

6.5 Weighting and Composition

When managing the Index, the Index Sponsor shall always consider the following principles for its overall composition:

6.5.1 Fund Components

6.5.1.1 Weighting

The weighting of Fund Components within the Index shall be evaluated having regard to numerous factors. The main composition objective of the Index Sponsor is to create an index that mirrors the performance of a portfolio of certain Fund Components. The Index Sponsor seeks to generate absolute return performance of the Index, in particular in respect of the Fund Components.

There can be no assurance that the above-mentioned return objectives of the Index Sponsor will be achieved, and the performance of the Index may vary substantially over time. The Fund Components may utilize, subject to applicable regulations, forward and futures contracts, options, swaps, other Derivative instruments, short sales, margin and leverage in their investment programs. Such investment techniques can substantially increase a negative performance of the Fund Components and therefore of the Index.

6.5.1.2 Composition

The Index Sponsor may, at any time and from time to time exclude any existing Fund Component from the Index or include a new Fund Component in the Index provided that the Index remains in compliance with the Composition Obligations.

6.5.2 Weight of the Cash Component

The weight of the Cash Component will vary according to the performance of the Index and will be, amongst others, a function of the values of the other Index Constituents.

6.5.3 Changes in the Composition of the Index

The performance and investment strategy of each Index Constituent will be subject to a continuous monitoring process by the Index Sponsor. As a consequence, the weightings attributed to the Fund Component will vary over time based on the actual performance of each Index Constituent and the expected outlooks for the different investment strategies. The composition of and the weightings within the Index will be reviewed on an ongoing basis and the composition of the Index from time to time will be adjusted by the Index Sponsor. This may be done by one or a combination of (i) adjusting the weights of the Cash Component in the Index and (ii) adjusting the Fund Components subject always to the Composition Obligations, by (a) re-weighting the Fund Components and/or (b) adding and/or removing Fund Components. Furthermore, the Fund Components' weighting will fluctuate as a function of the Fund Components' individual performance.

6.6 Calculation and Publication of the Index Value

6.6.1 Calculation and Index Formula

The Index is denominated in USD, i.e. 1 index point of the Index corresponds to USD 1 of **Index_t^{Net}**. **Index_t^{Net}** is derived from **Index_{t-1}^{Net}** and the quotient of **Index_t** and **Index_{t-1}** taking into account the applicable management fee MF and the applicable set-up and maintenance fee SMF as calculated by the Index Sponsor and the adjustment factor AF_t as determined by the Index Sponsor. **Index_t^{Net}** is calculated to four decimal places and rounded according to commercial conventions. **Index_t** is derived from **Index_{t-1}** multiplied by the sum of (i) the weighted performance of the respective Fund Component and the weighted performance of the Cash Component, (ii) the corporate action factor CAF_t and (iii) one.

6.6.2 Suspension of Index Calculation

The Index Sponsor may at any time and from time to time suspend the composition of the Index and the calculation of the Index Value, if:

- (A) any principal stock exchange, commodities exchange, futures exchange or over-the-counter market on which any Substantial Portion of the Fund Components is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such exchange or market is restricted or suspended;
- (B) circumstances exist, as a result of which, in the opinion of the Index Sponsor it is not practicable to determine the Index Value in an accurate and fair manner;
- (C) a breakdown occurs in any of the means normally employed in ascertaining the value or the price of any Fund Component on any market or stock exchange on which such Fund Component is listed;
- (D) as a result of political, economic, military or monetary events or any other circumstances outside the control, responsibility and power of the Index Sponsor, a valuation of any Substantial Portion of Fund Components, in the reasonable opinion of the Index Sponsor, is not reasonably practicable without this being seriously detrimental to the interests of an actual holder of the relevant Fund Component;

- (E) in the reasonable opinion of the Index Sponsor, the Index Value cannot be calculated fairly;
- (F) there is a breakdown in the means of communication normally employed in determining the Net Asset Value of any Fund Component;
- (G) for any other reason the value of any Fund Component cannot reasonably or fairly be ascertained;
or
- (H) payments to an actual holder of any Fund Component that are due on redemption of fund units in the reasonable opinion of the Index Sponsor cannot be effected at normal rates of exchange.

Such suspension shall take effect at such times as the Index Sponsor shall specify and thereafter there shall be no determination of the Index Value until the Index Sponsor declares the suspension at an end, except that the suspension shall terminate in any event on the first Index Business Day following the calendar day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised as set out above shall exist. Whenever the Index Sponsor shall declare a suspension of the determination of the Index Value then, as soon as practicable, the Index Sponsor shall cause a notice on the Man Investments Internet pages at <http://www.maninvestments.com> stating that such declaration has been made and at the end of any period of suspension the Index Sponsor shall cause another notice to be given on the Man Investments Internet pages at <http://www.maninvestments.com> stating that the period of suspension has ended.

6.6.3 Publication of the Index

The Index Value shall be calculated and published by the Index Sponsor on Bloomberg or any other data provider as the Index Sponsor deem appropriate. The Index Value is calculated in respect of the relevant Index Valuation Date.

6.6.4 Information on the Index Sponsor

The Index Sponsor of the Index is Man Investments Limited which is regulated by the Financial Services Authority in the conduct of its regulated activities in the United Kingdom. Man Investments Limited is a member of the Man Group.

Man Investments

A member of the Man Group, Man Investments is one of the world's largest hedge fund providers. It provides innovative investment vehicles, offering tailor-made solutions for private and institutional clients.

Established in 1983, it has launched more than 450 alternative investment products, many in partnership with leading financial institutions. Through its core investment managers (AHL, Glenwood, Man Global Strategies and RMF), Man Investments has succeeded in developing specialised strengths in alternative investments. This contributed to Man Investments being awarded 'European Asset Management Firm of the Decade' by Financial News in 2006.

As at 31 December 2006, Man Investments had approximately USD 60 billion under management.

Man Group plc

Originally established in 1783, Man Group plc is today a leading global provider of alternative investment products and solutions as well as one of the world's largest futures brokers. Man Group plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index of major UK listed companies. It has a market capitalisation of USD 16.0 billion.

PLAN OF DISTRIBUTION

Terms and Conditions of the Offer

1 Conditions, offer statistics, expected timetable and action required to apply for the offer

1.1 Conditions to which the offer is subject

The offer of each Series is subject to the following conditions:

- (i) there has been no change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in the view of the Issuer acting in good faith and in a commercially reasonable manner be likely to prejudice materially the success of the offering and distribution of the Securities or dealings in the Securities in the secondary market (if any); and
- (ii) there has been no adverse change, financial or otherwise in the conditions or general affairs of the Issuer.

1.2 Notification of the offer

The prospectus has been filed with the BaFin and communicated to investors at the latest by the beginning of public offer:

- a) in printed form to be made available, free of charge, at the Issuer's registered office; or
- b) on application to the Issuer by electronic mail to swiss-prospectus@ubs.com

1.3 Total amount of the offer

The total amount of the offer is:

CHF Notes: CHF 112,500,000

EUR Notes: EUR 150,000,000

USD Notes: USD 112,500,000

CHF Certificates: CHF 75,000,000

EUR Certificates: EUR 75,000,000

USD Certificates: USD 75,000,000

The minimum total Nominal Amount of the offer is:

CHF Notes: CHF 10,000,000

EUR Notes: EUR 10,000,000

USD Notes: USD 10,000,000

CHF Certificates: CHF 10,000,000

EUR Certificates: EUR 10,000,000

USD Certificates: USD 10,000,000

1.4 Subscription period

The subscription period for each Series shall commence on 21st May, 2007 and will end on 16th July, 2007.

1.5 Modification of the offer

The Issuer reserves the right to modify the total Nominal Amount of any Series to which investors can subscribe, to terminate the subscription period early and to cancel the planned issue, in which case no Securities of such Series will be issued.

1.6 Minimum/maximum amount of application

Minimum investment amount in the primary market is

Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000

Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: CHF 10,000

Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000

Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: EUR 10,000

Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000

Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index: USD 10,000

Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index: CHF 10,000

Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index: CHF 10,000

Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index: EUR 10,000

Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index: EUR 10,000

Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index: USD 10,000

Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index: USD 10,000

1.7 Method and timing of payment and delivery of the Securities

Payment of the Securities must be received at the latest on or before the Issue Date. The Securities may be subscribed for from the Issuer during normal banking hours during the Subscription Period subject to applicable restrictions. On the Issue Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System.

1.8 Right of pre-emption, negotiability of subscription and treatment of subscription rights

No specific rules or procedures have been foreseen by the Issuer.

2 Plan of distribution and allotment

2.1 Target investors

The offer is being made to investors in Austria, Belgium, Germany, Luxembourg, the Netherlands, Spain and Switzerland and such other EU Member States as may be decided from time to time seeking exposure to the performance of the applicable Index whose value is linked to the performance of the relevant Index Constituents.

2.2 Notification of allotment

The holders of Securities will be notified of the number of Securities which has been allotted to them promptly after the Issue Date.

3 Pricing

In respect of each Series, the Issue Price per Security will be 100% of its Nominal Amount.

4 Placing and Underwriting

4.1 Calculation Agent and Agent

UBS AG, London Branch with its registered office at 1 Finsbury Avenue, London EC2M 2PP will act as both calculation agent (the "**Calculation Agent**") and agent (the "**Agent**").

4.2 Underwriters

The issue is not underwritten.

TAXATION

General

Transactions involving the Securities including the purchase, ownership, disposition, lapse and redemption of the Securities may have tax consequences for potential purchasers which may depend, amongst other things, upon the conditions applicable to the Securities, the status and circumstances of the potential purchaser and the applicable law and practice of taxation authorities in relevant jurisdictions.

POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION IN RESPECT OF ANY ASPECT OF TRANSACTIONS INVOLVING THE SECURITIES OR THE OWNERSHIP OF SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISERS.

Potential purchasers of the Securities should note that they may be required to pay stamp taxes and other charges or Securityholder Expenses in accordance with the laws and practices of the country of purchase or other relevant jurisdictions, depending upon the circumstances, in addition to the Issue Price of each Securities.

Tax Considerations in the UK

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments in respect of the Securities. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Securities. The comments relate only to the position of persons who are absolute beneficial owners of the Securities.

The following is a general guide and should be treated with appropriate caution. Securityholders who are in any doubt as to their tax position should consult their professional advisers.

Securityholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Securities are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Securities. In particular, Securityholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Securities even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

The following assumes that UBS AG is not resident in the United Kingdom for United Kingdom tax purposes.

Payments on the Securities may be paid without withholding or deduction for or on account of United Kingdom income tax so long as UBS AG London Branch is a "bank" for the purposes of section 349 of the Income and Corporation Taxes Act 1988 and so long as such payments are made by UBS AG London Branch in the ordinary course of its business. In accordance with the published practice of Her Majesty's Revenue and Customs, such payments will be accepted as being made by UBS AG London Branch in the ordinary course of its business unless either:

(i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or (ii) the characteristics of the transaction giving rise to the payment are primarily attributable to an intention to avoid United Kingdom tax.

Payments on the Securities may also be paid without withholding or deduction for or on account of United Kingdom income tax if and so long as UBS AG London Branch is authorised for the purposes of the Financial Services and Markets Act 2000 and its business consists wholly or mainly of dealing in financial

instruments (as defined by section 349(5) of the Income and Corporation Taxes Act 1988) as principal and so long as such payments are made by UBS AG London Branch in the ordinary course of its business.

Provision of Information

Securityholders should note that where any payment on Securities is paid to them (or to any person acting on their behalf) by UBS AG London Branch or any person in the United Kingdom acting on behalf of the Issuer (a "paying agent"), or is received by any person in the United Kingdom acting on behalf of the relevant Securityholder (other than solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then UBS AG London Branch, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to Her Majesty's Revenue and Customs details of the payment and certain details relating to the Securityholder (including the Securityholder's name and address). These provisions will apply whether or not the payment has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Securityholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Securityholder is not so resident, the details provided to Her Majesty's Revenue and Customs may, in certain cases, be passed by Her Majesty's Revenue and Customs to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

See also "EU Savings Tax Directive" below.

Other Rules Relating to United Kingdom Withholding Tax

Where Securities are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Securityholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" in this summary of the United Kingdom withholding tax position mean "interest" as understood in United Kingdom tax law. The statements in this summary do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

This summary of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Tax Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States including Jersey, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Tax Considerations in the Federal Republic of Germany

General remarks

The following discussion of the tax consequences of an investment in the Securities is based on the laws in force on the date of this information memorandum. The issuer emphasizes that the tax implications can be subject to change due to future law changes. In particular, it should be considered that the German government intends to change the taxation of investment income and of gains from private sales transactions materially. It cannot be excluded that the investment into the Securities is affected by the potential amendments.

Although this discussion of the tax implications of an investment in the Securities reflects the issuer's opinion, it should not be misunderstood as a guarantee in an area of law which is not free from doubt. Further, this discussion is not intended as the sole basis for an investment in the Securities as the individual tax position of the investor needs to be investigated. Therefore, this statement is confined to a general discussion of certain German income tax consequences.

Prospective investors are recommended to consult their own tax advisors as to the tax consequences to them of the investment.

German tax residents

a) Taxation as financial innovation

Provided that the Securities qualify as financial innovations (*“Finanzinnovationen”*) within the meaning of § 20 (2) sentence 1 No. 4 Income Tax Act (*Einkommensteuergesetz, EStG*) under German tax laws, any gain from the sale or redemption of the Securities held as private assets is considered by the revenue as investment income and is subject to personal income tax plus solidarity surcharge thereon. Conversely, the revenue holds the view, that if the Securities are held as private assets, losses are deductible as negative investment income. In case the Securities are issued in a foreign currency, gains and losses from the sale or redemption of the Securities are computed in the foreign currency and then converted into Euro. The Federal Fiscal Court (*Bundesfinanzhof*), however, recently accepted the deduction of losses from the disposal or redemption of financial innovations or the taxation of gains from financial innovations only within narrow boundaries, cf. BFH of 13.12.2006 VIII R 79/03; BFH of 13.12.2006 VIII R 97/02; BFH of 13.12.2006 VIII R 62/04. The consequences of these decisions for the taxation of the Securities are currently unclear.

In case the Securities are held as domestic business assets, gains and losses from the sale or redemption must be recognized for (corporate) income tax and trade tax purposes.

If the Securities are held in custody with a German credit institution or financial services institution (including a German permanent establishment of such foreign institution) – the disbursing agent (*auszahlende Stelle*) – upon sale or redemption, withholding tax on interest is imposed at a rate of 30 % (plus solidarity surcharge at a rate of 5,5 % thereon) on the excess of the proceeds arising from the sale or redemption over the purchase price paid for the Securities, if the Securities were held in custody by such institution since the acquisition of the Securities. If custody has changed since the acquisition of the Securities, withholding tax on interest will be due on an amount equal to 30% of the proceeds arising from the sale or redemption of the Securities (plus solidarity surcharge at a rate of 5,5 % thereon). Withholding tax on interest will be credited against the investor's final (corporate) income tax liability.

The issuer of the Securities is – to the extent it does not qualify as disbursing agent for the investor – under German tax law not obliged to deduct any withholding tax on sale or redemption proceeds.

b) Taxation as non-financial innovation

If the Securities cannot be considered financial innovations within the scope of § 20 (2) sentence 1 No. 4 EStG, any gains from the sale or redemption of the Securities do not qualify as investment income within the meaning of § 20 EStG but are subject to the capital gains taxation, provided the Securities form part of the investor's private assets. Such gains or losses qualify as gains or losses from private sales transactions within the scope of § 23 EStG, if the Securities are sold or redeemed within one year after their acquisition. If the investor has acquired several Securities at different points in time, the Securities acquired first are deemed to be disposed of first.

Gains are fully taxable, provided that such gains - alone or together with other gains from private sales transactions - equal or exceed € 512. Gains falling short of this threshold are tax exempt. Losses realized within the one year period described above, can only be set off against other gains from private sales transactions. To the extent such a set off is not possible in the calendar year in which the loss has been realized, such loss can be carried back one year or can be carried forward into future years without any limitation and - subject to certain restrictions - can be set off against gains from private sales transactions generated in other assessment periods.

When determining the gains or losses fluctuations of the foreign exchange rate should - in the view of the revenue - be considered, BMF, BStBl I 2004 p. 1034 ann. 43.

In case the Securities are held for more than one year, gains from the sale or the redemption are not taxable provided that the Securities are held as private assets. Conversely, any loss is not recognized for tax purposes.

In case the Securities are held as business assets, any gain is taxable and any loss is deductible. Further, any gain or loss must be recognized for trade tax purposes, if the Securities are held as domestic business assets.

Proceeds from the sale or redemption of the Securities not qualifying as financial innovations according to § 20 (2) sentence 1 No. 4 EStG are not subject to withholding tax on interest or any other German withholding tax (Quellensteuer) to be withheld by the issuer.

Foreign tax residents

Investors not resident in Germany are generally not taxable in Germany, and no withholding tax on interest is imposed (even if the Securities qualify as financial innovations and are held in custody with a German credit institution or financial services institution). Exceptions apply e.g. where the Securities are held as business assets in a German permanent establishment of the investor.

EU Directive on the Taxation of Savings Income

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income (2003/48/EG). The directive has been implemented in Germany by the decree on the taxation of interest income (*Zinsinformationsverordnung*) which applies from 1 July 2005 on. Under the directive, each Member State is required to provide the tax authorities of another Member State with details of interest payments paid by a person within its jurisdiction to an individual resident in that other Member State. Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35%.

Tax Considerations in Switzerland

Capital Protected Notes

Swiss Federal Stamp Duty

For Swiss Stamp Duty purposes, the Notes are treated as being analogous to a bond. Therefore, secondary market transactions are in principle subject to Swiss Stamp Duty.

Swiss Federal Income Tax

The Notes are classified as transparent, where the majority of the return of the bond part is in the form of a discount (IUP). Therefore, for private investors resident in Switzerland, the increase of the value of the bond part (according to the “Modifizierte Differenzbesteuerung”) at sale or maturity is subject to the Swiss Federal income tax as well as the cantonal and communal income tax. The present value of the bond part at issue is for the CHF Notes 0.703 per unit, for the EUR Notes 0.603 per unit and for the USD Notes 0.559 per unit. An investor who buys the Notes at issuance and holds them until maturity is taxed on the difference between CHF 0.703 and CHF 1 for the CHF Notes, EUR 0.603 and EUR 1 for the EUR Notes and USD 0.559 and USD 1 for the USD Notes. However, any gain derived from the Fund Components is considered as capital gain and therefore for such taxpayers in principle not subject to the Swiss federal income tax.

Swiss Withholding Tax

The Notes are not subject to Swiss Withholding tax.

EU Savings Tax

For Swiss paying agents, the Notes are not subject to EU Savings Tax.

The tax information only provides a general overview of the potential tax consequences linked to the Notes at the time of issue and is subject to approval by the Swiss Tax Authorities. Tax laws and tax doctrine may change, possibly with retroactive effect.

Non-Capital Protected Certificates

Swiss Federal Stamp Duty:

For Swiss Federal Stamp Duty purposes, the Certificates are treated as being analogous to a share in a foreign investment fund. Therefore, primary and secondary market transactions are in principle subject to Swiss Federal Stamp Duty.

Swiss Income Tax

For private investors with tax domicile in Switzerland the Certificates are treated as being analogous to a share in a foreign investment fund. The taxable income and capital gains/losses will be kept apart and will be reported to the Swiss Federal Tax Administration annually. Taxable income is subject to Swiss Federal, cantonal and communal Income Tax.

Closing Date (for Swiss Tax purposes)

31 January, for the first time 31 January 2008.

Swiss Withholding Tax

The Certificates are not subject to Swiss Withholding Tax.

EU Savings Tax

For Swiss paying agents, the Certificates are not subject to EU Savings Tax.

The tax information only provides a general overview of the potential tax consequences linked to the Notes at the time of issue and is subject to approval by the Swiss Tax Authorities. Tax laws and tax doctrine may change, possibly with retroactive effect.

Tax Considerations in Spain

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Spain, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Spanish tax law, to which they may be subject.

Indirect Taxation

The subscription, acquisition, disposal, redemption and reimbursement of the Securities will be exempt from Spanish Value Added Tax and Transfer Tax and Stamp Duty in accordance with applicable legislation.

Individuals with Tax Residence in Spain

- ***Personal Income Tax***

Personal Income Tax is levied on an annual basis on the worldwide income obtained by Spanish resident individuals, whatever the source is and wherever the relevant payer is established. Therefore any income that Spanish holders of the Securities may receive under the Securities will be subject to Spanish taxation.

Both the distribution fee periodically received and income arising on the disposal, redemption or reimbursement of the Securities obtained by individuals who are tax resident in Spain will be regarded as financial income (i.e. a return on investment derived from the transfer of own capital to third parties) for Personal Income Tax purposes.

Spanish holders of the Securities shall compute the gross distribution fee obtained and any income arising on the disposal, redemption or reimbursement if the Securities in the savings part of the taxable base of the tax period in which it is due, including amounts withheld, if any. This taxable income will be subject to Personal Income Tax at the flat rate of 18%.

Income arising on the disposal, redemption or reimbursement of the Securities will be calculated as the difference between (i) their disposal, redemption or reimbursement value and (ii) their acquisition or subscription value. Costs and expenses effectively borne on the acquisition and transfer of the Securities may be taken into account for calculating the relevant taxable income, provided that they can be duly justified.

Given that the Securities will be denominated in a currency other than Euro, income will be determined in a foreign currency and translated into Euro at the FX spot rate as at the time of disposal, redemption or reimbursement of the Securities.

Likewise, expenses relating to the management and deposit of the Securities, if any, will be tax-deductible, excluding those pertaining to discretionary or individual portfolio management.

However, losses that may derive from the transfer of the Securities cannot be offset if the investor acquires homogeneous securities within the two-month period prior or subsequent to the transfer of the Securities, until he/she transfers such homogeneous securities.

Spanish withholding tax borne on the distribution fee and/or on the income deriving from the disposal, redemption or reimbursement of the Securities, if any (as explained below), may be credited against the final Personal Income Tax liability.

Additionally, a tax credit for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Securities, if any.

- ***Wealth Tax***

In the case of Spanish tax resident individuals, Spanish Wealth Tax is levied, on an annual basis, on the net worth of their worldwide assets and rights owned on 31 December each year.

However, Spanish resident individuals are not obliged to file a Wealth Tax return if the value of their net wealth is less than EUR 108,182 and the value of their gross wealth (before deduction of debts) is less than EUR 601,012.10, without prejudice to the specific figures that may be set out in the regional law applicable in the Region (*Comunidad Autónoma*) where the holder of the Securities has his/her domicile.

General tax rates currently range between 0.2% and 2.5%, although they may vary depending on the Region (*Comunidad Autónoma*) of residence of the holder of the Securities.

If the Securities are not listed on a Spanish secondary market, they will be taxed at their nominal value including redemption and amortisation premiums, if any.

A tax credit for the avoidance of international double taxation may apply in respect of similar taxes paid outside Spain in respect of the Securities, if any.

- ***Estate and Gift Tax***

In the case of Spanish tax resident individuals, Spanish Estate and Gift Tax is levied on their worldwide assets passing to them either by gift or upon death. Therefore, transfers of Securities or any other rights over the Securities upon death or by gift by an investor to a Spanish resident individual will be subject to Spanish Estate and Gift Tax, with the taxpayer being the transferee.

General tax rates, given all relevant factors, currently range between 7.65% and 81.6%, although they may vary depending on the Region (*Comunidad Autónoma*) of residence of the relevant investor.

A tax credit for the avoidance of international double taxation may apply in respect of similar taxes paid outside Spain in respect of the Securities, if any.

Legal Entities with Tax Residence in Spain

- ***Corporate Income Tax***

Both the distribution fee periodically received and income arising on the disposal, redemption or reimbursement of the Securities obtained by entities which are resident for tax purposes in Spain shall be computed as taxable income of the tax period in which they accrue. Given that the Securities will be denominated in a currency other than Euro, fluctuations of the FX rate are considered when determining the income attributable to the Securities.

The general tax rate for limited liability companies is currently 32.5% (to be reduced to 30% by 2008). However, small sized companies can benefit from the reduced tax rate of 25% on the first EUR 120,202.41 of their taxable profits. Special rates apply in respect of certain type of entities (such as qualifying collective investment institutions).

Spanish withholding tax borne on the distribution fee and/or on the income deriving from the disposal, redemption or reimbursement of the Securities, if any (as explained below), may be credited against the final Corporate Income Tax liability.

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid outside Spain on income deriving from the Securities, if any.

- ***Other Spanish tax issues***

Spanish Corporate Income taxpayers, as opposed to Spanish tax resident individuals, are not subject to Spanish Wealth Tax.

Likewise, Spanish tax resident entities are not subject to Spanish Estate and Gift Tax. Income that they may obtain from this source will be subject to Corporate Income Tax on the market value of the Securities or any other rights over the Securities that they may receive.

Individuals and legal entities with no Tax Residence in Spain

A non-resident holder of Securities who has a permanent establishment in Spain to which such Securities are attributable, is subject to Spanish Non-Residents Income Tax on any income under the Securities,

including both the distribution fee and any income arising on the disposal, redemption or reimbursement of the Securities. In general terms, the tax rules applicable to individuals and legal entities with no tax residence in Spain but acting through a permanent establishment in Spain are the same as those applicable to Corporate Income taxpayers.

Spanish withholding tax

In the case that a financial institution (either resident in Spain or acting through a permanent establishment in Spain) acts as depositary of the Securities or intervenes as manager in the collection of any income under the Securities, such financial institution will be responsible for making the relevant withholding (when applicable) on account of Spanish tax on any income deriving from the Securities. The current withholding tax rate in Spain is 18%. Amounts withheld in Spain, if any, can be credited against the final Spanish Personal Income Tax liability, in the case of Spanish tax resident individuals, or against final Spanish Corporate Income Tax liability, in the case of Spanish corporates.

Furthermore, such financial institution may become obliged to comply with the formalities set out in the Regulations on Spanish Personal Income Tax and Corporate Income Tax when intervening in the transfer or reimbursement of the Securities.

Tax Considerations in Austria

General Information

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in Austria in connection with the purchase, holding or sale of the Securities. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. It is based on the currently valid tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential purchasers of the Securities consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Securities. Tax risks resulting from the Securities (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 42(1) of the Austrian Investment Funds Act) shall in any case be borne by the purchaser. In general, it has to be noted that the Austrian tax authorities have a rather critical attitude towards structured products which may also give rise to tax benefits.

(Corporate) Income Tax

In general, the Securities should qualify as bonds (Forderungswertpapiere) in the sense of sec. 93(3) of the Austrian Income Tax Act (Einkommensteuergesetz).

Individuals subject to unlimited income tax liability in Austria holding bonds in the sense of sec. 93(3) of the Austrian Income Tax Act as a non-business asset (Privatvermögen) are subject to income tax on all resulting interest payments (which term also encompasses the difference between the redemption price and the issue price, if any) pursuant to sec. 27(1)(4) and sec. 27(2)(2) of the Austrian Income Tax Act. If such interest is paid out by an Austrian paying agent (kuponauszahlende Stelle) then the payments are subject to a withholding tax of 25%. No additional income tax is levied over and above the amount of tax withheld (final taxation; Endbesteuerung) in case the bonds are legally and factually offered to an indefinite number of persons. If interest payments are not effected through an Austrian paying agent, a flat income tax rate of 25% applies in case the bonds are in addition legally and factually offered to an indefinite number of persons. Since in this case no withholding tax is levied, interest payments must be included in the income tax return of the investor. If the bonds are not legally and factually offered to an indefinite number of persons then the interest payments must be included in the investor's income tax return and are subject to income tax at a marginal rate of up to 50%, any withholding tax being creditable against the income tax liability.

Individuals subject to unlimited income tax liability in Austria holding bonds as a business asset (Betriebsvermögen) are subject to income tax on all resulting interest payments (which term also encompasses the difference between the redemption price and the issue price, if any). Such interest payments are subject to a withholding tax of 25% in case they are paid out by an Austrian paying agent. No additional income tax is levied over and above the amount of tax withheld (final taxation) in case the bonds are legally and factually offered to an indefinite number of persons. If interest payments are not effected through an Austrian paying agent, a flat income tax rate of 25% applies in case the bonds are in addition legally and factually offered to an indefinite number of persons. Since in this case no withholding tax is levied, interest payments must be included in the income tax return of the investor. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments must be included in the investor's income tax return and are subject to income tax at a marginal rate of up to 50%, any withholding tax being creditable against the income tax liability.

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on all interest payments (which term also encompasses the difference between the redemption price and the issue price, if any) resulting from bonds at a rate of 25%. Under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied.

Private foundations (Privatstiftung) pursuant to the Austrian Private Foundations Act (Privatstiftungsgesetz) fulfilling the prerequisites contained in sec. 13(1) of the Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) and holding bonds as a non-business asset are subject to corporate income tax (interim taxation; Zwischenbesteuerung) on all resulting interest payments received (which term also encompasses the difference between the redemption price and the issue price, if any) pursuant to sec. 13(3)(1) of the Austrian Corporate Income Tax Act at a rate of 12.5% in case the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments are subject to corporate income tax at a rate of 25%. Under the conditions set forth in sec. 94(11) of the Austrian Income Tax Act no withholding tax is levied.

Individuals subject to limited income tax liability in Austria holding bonds in the meaning of sec. 93(3) of the Austrian Income Tax Act are subject to income tax at a rate of 25% on all resulting interest payments (which term also encompasses the difference between the redemption price and the issue price, if any) in Austria if – broadly speaking – the bonds are attributable to an Austrian permanent establishment (Betriebsstätte) of the investor. The same applies with respect to corporations subject to limited corporate income tax liability in Austria, the tax rate also being 25%. If interest received by non-resident individuals and corporations is not subject to (corporate) income tax but if at the same time it is subject to withholding by virtue of an Austrian paying agent, the withholding tax will be refunded upon the investor's application. The Austrian Ministry of Finance has also provided for the possibility for the non-resident investor to furnish proof of non-residency, in which case the Austrian paying agent may refrain from withholding in the first place.

Pursuant to sec. 42(1) of the Austrian Investment Funds Act (Investmentfondsgesetz), a foreign investment fund (ausländischer Investmentfonds) is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. This term, however, does not encompass collective real estate investment vehicles pursuant to sec. 14 of the Austrian Capital Markets Act (Kapitalmarktgesetz). It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (Investmentfonds-richtlinien). Pursuant thereto, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Pursuant to this view, in all other cases a foreign investment fund would have to be assumed. If the index relates to a hedge fund, then the index must fulfil – apart from the prerequisites just mentioned – additional criteria in order to qualify as a foreign investment fund.

EU Withholding Tax

Sec. 1 of the Austrian EU Withholding Tax Act (EU-Quellensteuergesetz) – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the

form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State is subject to a withholding tax if no exception from such withholding applies. Currently, the withholding tax amounts to 15%. Regarding the issue of whether index certificates are subject to the withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee (a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest), with the underlying asset being of relevance.

Inheritance and Gift Tax

Pursuant to the Austrian Inheritance and Gift Tax Act (Erbschafts- und Schenkungssteuergesetz), transfers of assets inter vivos and inter mortuos are taxable. Sec. 15(1)(17) of the Austrian Inheritance and Gift Tax Act provides for a tax exemption in the case of a transfer of bonds inter mortuos insofar as the bonds were legally and factually offered to an indefinite number of persons and insofar as the interest resulting from the bonds is subject to final taxation or to the special tax rate of 25%.

EU Savings Tax Directive

See “EU Savings Tax Directive” above.

Tax Considerations in Luxembourg

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds de chômage*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

(i) Non-resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-residents holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to

provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15% during the first three-year period starting 1 July 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 15%.

(ii) Resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10%.

Tax Considerations in the Netherlands

General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this Prospectus, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary only addresses the Netherlands tax consequences of Securityholders that are resident or deemed to be resident of the Netherlands for Netherlands tax purposes. This summary does not address the Netherlands tax consequences for:

- (i) Securityholders holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a Securityholder holds a substantial interest in the Issuer, if such Securityholder, alone or, where such holder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 percent or more of the total issued capital of the Issuer or of 5 percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) pension funds or other entities that are exempt from Netherlands corporate income tax;
- (iii) investment institutions (*fiscale beleggingsinstellingen*).

For the purpose of the principal Netherlands tax consequences described herein, it is assumed that the Issuer is not a resident of the Netherlands for Netherlands tax purposes.

Withholding tax

All payments made by the Issuer under the Securities may be made free of withholding or deduction for, or on account of, any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and individual income tax

If a Securityholder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of its enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption or disposal of the Securities are generally taxable in the Netherlands.

If an individual holder is resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Securities and gains realised upon the redemption or disposal of the Securities are taxable at the progressive rates of the Netherlands income tax act 2001, if:

- (i) the holder has an enterprise or an interest in an enterprise, to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the Securityholder, taxable income with regard to the Securities must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. At present, this deemed return on income from savings and investments has been fixed at a rate of 4% of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the Securityholder less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Securities will be included as an asset in the individual's yield basis. The deemed return on income from savings and investments of 4% will be taxed at a rate of 30 per cent.

Gift and Inheritance taxes

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands at any time during the twelve months proceeding the time of the gift. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

Value added tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of the cash payment made under the Securities, or in respect of a transfer of Securities.

Other taxes and duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

EU Savings Tax Directive

See "EU Savings Tax Directive" above.

Tax Considerations in Belgium

A summary of the most important Belgian tax consequences of acquiring, holding and selling the Securities follows. This summary is not intended as an extensive description of all relevant Belgian tax considerations and investors should consult their own tax advisors on such considerations in light of their particular circumstances. The description of certain Belgian taxes below is for general information only and does not purport to be comprehensive.

This summary is based on current legislation, published case law and other published guidelines and regulations as in force at the date of approval of the Base Prospectus and is subject to future amendments, which may or may not have retroactive effect.

Belgian income tax

For Belgian withholding tax purposes, interest includes any stated interest paid on the Securities as well as any amount paid in excess of the initial issue price upon full or partial redemption, whether or not at maturity, or upon purchase by the Issuer.

Belgian resident individuals

For individuals subject to Belgian personal income tax and who are not holding Securities as a professional investor, all interest payments will be subject to a (currently) 15 per cent. withholding tax. If this interest is paid through a Belgian intermediary, such intermediary will have to withhold a withholding tax of (currently) 15 per cent. If no Belgian intermediary is involved, the investor must declare this interest as income in his or her personal income tax return. Such income will in principle be taxed separately at a rate of (currently) 15 per cent. (which will be increased by the applicable local surcharge).

Any capital gain upon a sale of Securities to a party not being the Issuer is in principle tax exempt (unless the tax authorities can prove that the capital gain does not result from the normal management of a non-professional investment), except for that part of the sale price attributable pro rata to the deemed interest component. Each investor must declare such interest as income in his or her personal income tax return. Such income will in principle be taxed separately at a rate of (currently) 15 per cent (which will be increased by the applicable local surcharge), unless it can be demonstrated that such income will be subject to Belgian withholding tax upon maturity.

Any positive difference between the amount paid upon redemption and the issue price will be considered interest for Belgian tax purposes. If this interest is paid through a Belgian financial intermediary, the intermediary will have to withhold a withholding tax of (currently) 15%. If no Belgian intermediary is involved, the investor must declare this interest as income in the annual personal income tax return in which case the tax rate will be (currently) 15% to be increased by local surcharges.

If a Luxembourg or Austrian intermediary has applied a levy according to the European Savings Directive on an interest payment, this levy does not free the Belgian individual from the obligation to declare the interest income in the personal income tax return. However, this levy will be credited against the personal

income tax, and any excess amount will be refunded. The levy can also apply to interest paid through paying agents of certain dependant or associated territories (Jersey, Guernsey, Isle of Man, Turks and Caicos Islands, the Dutch Antilles and the British Virgin Islands).

Losses on the Securities held as a non-professional investment cannot usually be deducted.

Belgian companies

Interest paid through an intermediary established in Belgium to a Belgian company subject to corporate income tax will be subject to Belgian withholding tax. The current applicable withholding tax rate is 15%. Subject to certain conditions, an exemption may apply. If these conditions are not complied with, Belgian companies are in principle entitled to set off Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled.

For any Belgian company subject to corporate income tax, any gain on a sale of the Securities and all interest will form part of that company's taxable profit. The normal corporate income tax rate is currently 33.99%. Losses on the Securities are in principle tax deductible.

Other Belgian legal entities subject to income tax

For other Belgian legal entities subject to income tax, all interest payments will be subject to withholding tax at a rate of (currently) 15 per cent. If this interest is paid through a Belgian intermediary, such intermediary will have to withhold a withholding tax of (currently) 15 per cent. If no Belgian intermediary is involved, the withholding tax should be declared and paid by the legal entity itself.

Any capital gain on a sale of the Securities will in principle be tax exempt, except for that part of the sale price attributable pro rata to the deemed interest component of the Securities. Such interest is subject to withholding tax at a rate of (currently) 15 per cent., which should be paid by the legal entity itself, unless it can demonstrate that the withholding tax will be paid at maturity. Losses are not tax deductible.

Any positive difference between the amount paid upon redemption and the issue price will be considered interest for Belgian tax purposes. If this interest is paid through a Belgian financial intermediary, the intermediary will have to withhold a withholding tax of (currently) 15%. If no Belgian intermediary withholds the withholding tax, the legal entity should pay the withholding tax itself.

Tax on stock market transactions

The subscription to the Securities pursuant to their issuance will not be subject to the Belgian tax on stock exchange transactions.

Investors acquiring or selling Securities on the secondary market through a professional intermediary established in Belgium, are subject to Belgian tax on stock market transactions. This tax usually amounts to 0.07 per cent. on the acquisition or sale of the Securities in Belgium capped at EUR 500 per transaction and per party.

Exemptions may apply, notably for transactions carried out by certain institutional investors and by non-residents acting for their own account.

USE OF PROCEEDS AND TOTAL EXPENSES

1. ESTIMATED NET PROCEEDS

Series 2007-1 Up to CHF 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum CHF Protected Index: Up to CHF 62,500,000

Series 2007-2 Up to CHF 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum CHF Protected Index: Up to CHF 50,000,000

Series 2007-3 Up to EUR 100,000,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum EUR Protected Index: Up to EUR 100,000,000

Series 2007-4 Up to EUR 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum EUR Protected Index: Up to EUR 50,000,000

Series 2007-5 Up to USD 62,500,000 100% Principal Protected Type A Notes linked to the Man AP Spectrum USD Protected Index: Up to USD 62,500,000

Series 2007-6 Up to USD 50,000,000 100% Principal Protected Type B Notes linked to the Man AP Spectrum USD Protected Index: Up to USD 50,000,000

Series 2007-7 Up to CHF 25,000,000 Type A Certificates linked to the Man AP Spectrum CHF Index: Up to CHF 25,000,000

Series 2007-8 Up to CHF 50,000,000 Type B Certificates linked to the Man AP Spectrum CHF Index: Up to CHF 50,000,000

Series 2007-9 Up to EUR 25,000,000 Type A Certificates linked to the Man AP Spectrum EUR Index: Up to EUR 25,000,000

Series 2007-10 Up to EUR 50,000,000 Type B Certificates linked to the Man AP Spectrum EUR Index: Up to EUR 50,000,000

Series 2007-11 Up to USD 25,000,000 Type A Certificates linked to the Man AP Spectrum USD Index: Up to USD 25,000,000

Series 2007-12 Up to USD 50,000,000 Type B Certificates linked to the Man AP Spectrum USD Index: Up to USD 50,000,000

2. USE OF PROCEEDS

Use of proceeds: The net proceeds of the issue of each Series of Securities will be used by the Issuer for its general corporate purposes which may include hedging activities in respect of the Securities.

Description of UBS AG

Overview

UBS AG and subsidiaries ("UBS") is, according to its own opinion, one of the world's leading financial firms, serving a discerning global client base. As an organisation, it combines financial strength with a global culture that embraces change. 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 world's leading wealth management business, a global investment banking and securities firm with a strong institutional and corporate client franchise, a key asset manager and, with roughly a quarter of the Swiss lending market, the market leader in Swiss corporate and individual client banking. On 31 December 2006, UBS employed around 78,000 people. With headquarters in Zurich and Basel, Switzerland, UBS operates in over 50 countries and from all major international centers. UBS is managed through three Business Groups and its Corporate Center, each of which is described below:

UBS is one of the best-capitalised financial institutions in the world, with a BIS Tier 1 ratio of 11.9 %, invested assets of CHF 2,989 billion, equity attributable to UBS shareholders of CHF 49,801 million and market capitalisation of CHF 154,222 million on 31 December 2006.

UBS is among the few globally active major banks that have a first-class rating. The rating agencies Standard & Poor's Inc., 55 Water Street, New York, NY 10041, USA ("Standard & Poor's"), Fitch Ratings, One State Street Plaza, New York, NY 10004, USA ("Fitch") and Moody's Investors Service Inc., 99 Church Street, New York, NY 10007, USA ("Moody's") have assessed the creditworthiness of UBS AG, i.e. the ability of UBS AG 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 AG's creditworthiness with AA+, Fitch with AA+ and Moody's with Aa2¹, which implies a rating with "good to very good: high probability of payment, low insolvency risk".

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 Company Law 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.

¹ Long-term rating, as at 31 December 2006

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.

UBS fully complies with the standards established in the "Swiss Code of Best Practice for Corporate Governance" and the "SWX Swiss Exchange Directive on Information Relating to Corporate Governance", both effective since 1 July 2002. UBS also meets the New York Stock Exchange (NYSE) corporate governance standards applicable to listed foreign companies and complies with the overwhelming majority of NYSE standards for US domestic issuers.

Business Overview

Global Wealth Management & Business Banking

With more than 140 years of experience, UBS's global wealth management business provides a comprehensive range of products and services individually tailored for wealthy clients around the world. In the US, it is, according to its own opinion, one of the top wealth managers. Business Banking Switzerland is the market leader in Switzerland, providing a complete set of banking and securities services for individual and corporate clients. It also has relationships with institutional investors, public entities and foundations based in Switzerland, as well as 3,000 financial institutions worldwide.

Global Asset Management

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

Investment Bank

UBS's Investment Bank is, according to its own opinion, one of the world's leading firms in the investment banking and securities business, providing a full spectrum of services to the world's key institutional investors, intermediaries, banks, insurance companies, corporations, sovereign governments, supranational organisations and private investors. For both its own corporate and institutional clients and the individual clients of other parts of UBS, the Investment Bank provides product innovation, research and advice, and comprehensive access to the world's capital markets.

Corporate Center

Corporate Center creates sustainable 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.

Industrial Holdings

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

A description of the Business Groups – or, in the case of Global Wealth Management & Business Banking, the previous Wealth Management & Business Banking and Wealth Management USA divisions – their strategies, structure, organisation, products, services and markets can be found in the UBS Handbook 2005/2006, in English, on pages 27 - 50 (inclusive).

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.

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 UBS Financial Report 2005, in English, on pages 157-160 (inclusive).

Trend Information

There have been no major negative changes relating to the prospects of the Issuer since the last audited financial report from 2005.

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.

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 as at 31 December 2006

	Title	Term of office	Position outside UBS AG
Marcel Ospel	Chairman	2008	
Stephan Haeringer	Executive Vice Chairman	2007	
Marco Suter	Executive Vice Chairman	2008	
Ernesto Bertarelli	Member	2009	Chief Executive Officer of Serono International SA, Geneva
Sir Peter Davis	Member	2007	He holds several board memberships.
Gabrielle Kaufmann-	Member	2009	Partner at the law firm Schellenberg

Kohler			Wittmer and Professor of international private law at the University of Geneva
Dr. Rolf A. Meyer	Member	2009	He holds several board memberships.
Dr. Helmut Panke	Member	2007	Chairman of the Board of Management BMW AG, Munich (between 2002 and September 2006). Today, he holds several board memberships.
Peter Spuhler	Member	2007	Owner of Stadler Rail AG, Switzerland
Peter R. Voser	Member	2008	Chief Financial Officer of The Royal Dutch Shell plc, London
Lawrence A. Weinbach	Member	2008	Partner at Yankee Hill Capital Management LLC, Southport, CT, USA (since 2006)
Joerg Wolle	Member	2009	Chairman and CEO of DKSH Holding Ltd.

Group Executive Board as at 31 December 2006

The GEB consists of 10 members:

Peter A. Wuffli	Group CEO
Marcel Rohner	Deputy Group CEO and Chairman and CEO Global Wealth Management & Business Banking
John A. Fraser	Chairman and CEO Global Asset Management
Huw Jenkins	Chairman and CEO Investment Bank
Peter Kurer	Group General Counsel
Clive Standish	Group Chief Financial Officer
Walter Stuerzinger	Group Chief Risk Officer
Mark B. Sutton	Chairman and CEO Americas
Rory Tapner	Chairman and CEO Asia Pacific
Raoul Weil	Head of Wealth Management International

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 CEO, are responsible for the implementation and results of

the firm's business strategies, for the alignment of the Business Groups to UBS's 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

A description of outside interests of the members of the BoD and the GEB can be found in the UBS Handbook 2005/2006, in English, on pages 103-106 (inclusive) and pages 110-112 (inclusive) respectively. No conflicts exist between the private interests of the members of the BoD or the GEB and their obligations to the Issuer.

Auditors

Ernst & Young Ltd., Aeschengraben 9, 4002 Basel, Switzerland, is the statutory auditor in accordance with company law and banking law provisions (appointed until the 2007 UBS Annual General Meeting; re-appointed at the UBS Annual General Meeting on 19 April 2006). Ernst & Young Ltd., Basel, is a member of the Swiss Chamber of Trustees (Treuhand-Kammer) based in Zurich, Switzerland.

Audit Committee

The Board appoints an Audit Committee with three members from among the non-executive, independent directors. Lawrence A. Weinbach is the chairman and Peter Voser and Rolf A. Meyer the additional members of the Committee. The Audit Committee assists the Board in monitoring the integrity of the financial statements of the firm, compliance with legal and regulatory requirements, the qualification, independence and performance of UBS's external auditors and their lead partners, and the integrity of the systems of internal controls for financial reporting.

Major Shareholders of the Issuer

The ownership of UBS shares is broadly disbursed. As at 31 December 2005, Chase Nominees Ltd., London, was registered with a 8.55 per cent. holding (2004: 8.76 per cent, 2003: 8.27 per cent.) of total share capital held in trust for other investors. As at 31 December 2005, the US securities clearing organisation DTC (Cede & Co.) New York, "The Depository Trust Company", held 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 2005/2006, in English, on pages 99-100 (inclusive).

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 2003/2004 and 2004/2005, in English ("Financial Reports").

The fiscal year equals the calendar year.

In the case of financial year 2003/2004 reference is made to

- (i) the Group Financial Statements of UBS AG, in particular to the Income Statement of UBS AG (Group) on page 84, the Balance Sheet of UBS AG (Group) on page 85, to the

Statement of Cash Flows of the UBS AG (Group) on pages 88 - 89 (inclusive) and to the Notes to the Financial Statements on pages 90 - 190 (inclusive), and

- (ii) the sections entitled “Accounting Standards and Policies” on pages 73 - 79 (inclusive) in the Financial Report 2004.

In the case of financial year 2004/2005 reference is made to

- (i) the Group Financial Statements of UBS AG, in particular to the Income Statement of UBS AG (Group) on page 74, the Balance Sheet of UBS AG (Group) on page 75, to the Statement of Cash Flows of the UBS AG (Group) on pages 78-79 (inclusive) and to the Notes to the Financial Statements on pages 80-190 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 194, the Balance Sheet of UBS AG (Parent Bank) on page 195, to the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 196, to the Notes to the Financial Statements on page 197 and to 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.

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”), 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 “Report of the Group Auditor” can be found on page 83 of the Financial Reports for 2004 and on page 73 of the Financial Reports for 2005. 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 were audited by Ernst & Young Ltd., Basel, for the corresponding reporting periods 2003/2004 and 2004/2005 as well as UBS AG (Parent Bank) for the corresponding reporting period 2003/2004 and 2004/2005. The “Report of the Group Auditors” can be found on page 83 of the Financial Report for 2004 and on page 73 of the Financial Report for 2005.

Reference is also made to the English version of the Issuer’s Quarterly Report for fourth quarter 2006, which includes information on the current financial condition and results of operation of the Issuer. The information contained in this report as of 31 December 2006 was not audited by the Issuer’s auditor.

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.

As of 31 December 2006, UBS is involved in the following legal proceedings which could be material to the operating result of the Group in a given reporting period:

- (a) **Insight One:** In December 2006, the New York State Attorney General (NYAG) filed a civil complaint regarding InsightOne, UBS's fee-based brokerage program for private clients in the United States. The InsightOne program is a fee-based brokerage program, in which clients pay an asset-based fee for trading activity rather than commissions on a per trade basis and was designed to align more closely the interests of financial advisors and clients. UBS denies that the program was part of a scheme to disadvantage clients and intends to defend itself vigorously in this matter
- (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 (U.S. Attorney's Office) is examining UBS's conduct in relation to certain tax-oriented transactions in which UBS and others engaged during the years 1996-1999. Some of these transactions were a subject of the Deferred Prosecution Agreement which the accounting firm KPMG LLP entered into with the U.S. Attorney's Office in August 2005, and are at issue in *United States v. Stein*, S1 05 Cr. 888 (LAK). UBS is cooperating with the government's investigation.
- (c) **Municipal Bonds:** In November 2006, UBS and others received subpoenas from the U.S. Department of Justice, Antitrust Division, and the U.S. Securities and Exchange Commission. These subpoenas concern UBS's conduct relating to derivative transactions entered into with municipal bond issuers, and to the investment of proceeds of municipal bond issuances. UBS is cooperating with these investigations.
- (d) **HealthSouth:** UBS is defending itself in two purported securities class actions brought in the U.S. 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.
- (e) **Bankruptcy Estate of Enron:** In November 2003, Enron brought adversarial proceedings against UBS and others in the U.S. Bankruptcy Court for the Southern District of New York seeking avoidance and recovery of payments that Enron made prior to filing for bankruptcy in connection with equity forward and swap transactions. The Bankruptcy Court dismissed UBS's motion for summary judgment in August 2005. Discovery is ongoing.
- (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. Finally, UBS is a defendant in civil actions brought by individual investors in those criminal proceedings. All proceedings still are in an early stage. UBS denies the allegations made against itself and against its employees in these matters, and is defending itself vigorously.

Significant Changes in the Financial Situation of the Issuer

UBS confirms that to the best of its knowledge no significant change in the financial or trading position of the group has occurred since the end of the last financial period for which audited financial information has been published.

Motor Columbus has been sold on 23rd March 2006 and is shown in UBS's 4Q06 report as a discontinued operation.

UBS has published in its unaudited 4Q06 report the completed acquisition of Brazilian bank Banco Pactual S.A. Additionally, it announced the intended acquisition of Standard Chartered's mutual funds management business in India.

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.

Documents On Display

The Annual Report of UBS AG as at 31 December 2004, comprising (i) the Annual Review 2004, (ii) the Handbook 2004/2005 and (iii) the Financial Report 2004 (including the "Report of the Statutory Auditors"), 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 Statutory Auditors"), the quarterly report of UBS AG as at 31 December 2006 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 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.

Outlook

UBS combines global scale and focus on growth in a unique way. Its businesses occupy strong market positions in those segments of the financial industry that are expected to grow significantly faster than the economy as a whole over the long term. In the short term, as the economic cycle matures, investors might become more sensitive to any disappointing political or economic developments, so UBS's top-class risk control remain paramount. However, for UBS, 2007 has started on a positive note, with a strong deal pipeline and continued investor confidence and activity. With a global presence that is balanced across the Americas, Europe, Asia Pacific, the building blocks of its growth strategy are firmly in place. Last year UBS made a highly concentrated number of acquisitions while investing heavily in organic growth. In 2007, UBS's focus will be on integrating its new areas of activity and UBS expects to start seeing the benefits from them materializing for its clients and shareholders.

UBS financial highlights

UBS income statement

		For the year ended		% change from
CHF million, except where indicated	31.12.05	31.12.04	31.12.03	31.12.04
Net profit attributable to UBS shareholders	14,029	8,016	5,904	75
Basic earnings per share (CHF) ¹	13.93	7.78	5.44	79
Diluted earnings per share (CHF) ¹	13.36	7.40	5.19	81
Return on equity attributable to UBS shareholders (%) ²	39.4	25.5	17.8	
Performance indicators from continuing operations ³				
Basic earnings per share (CHF) ¹	9.78	8.02	5.72	22
Return on equity attributable to UBS shareholders (%) ⁴	27.6	26.3	18.8	

Financial businesses⁵

Operating income	39,896	35,971	32,957	11
Operating expenses	27,704	26,149	25,397	6
Net profit attributable to UBS shareholders	13,517	7,656	5,959	77
Cost / income ratio (%) ⁶	70.1	73.2	76.8	
Net new money, wealth management businesses (CHF billion) ⁷	95.1	60.4	44.0	
Personnel (full-time equivalents)	69,569	67,407	65,879	3
Pre-goodwill earnings from continuing operations ³				
Operating income	39,896	35,971	32,957	11
Operating expenses	27,704	25,503	24,720	9
Net profit attributable to UBS shareholders	9,442	8,003	6,468	18
Cost / income ratio (%) ⁶	70.1	71.4	74.8	

UBS balance sheet & capital management

		As at		% change from
CHF million, except where indicated	31.12.05	31.12.04	31.12.03	31.12.04
Balance sheet key figures				
Total assets	2,060,250	1,737,118	1,553,979	19
Equity attributable to UBS shareholders	44,324	33,941	33,659	31
Market capitalization	131,949	103,638	95,401	27
BIS capital ratios				
Tier 1 (%) ⁸	12.9	11.9	12.0	
Total BIS (%)	14.1	13.8	13.5	
Risk-weighted assets	310,409	264,832	252,398	17
Invested assets (CHF billion)	2,652	2,217	2,098	20
Long-term ratings				
Fitch, London	AA+	AA+	AA+	
Moody's, New York	Aa2	Aa2	Aa2	
Standard & Poor's, New York	AA+	AA+	AA+	

¹ For the EPS calculation, see note 8 to the financial statements. ² Net profit attributable to UBS shareholders / average equity attributable to UBS shareholders less proposed distributions. ³ Excludes the amortization of goodwill in 2004 and 2003. Due to changes in accounting standards, there is no amortization of goodwill from 2005 onwards. ⁴ Net profit attributable to UBS shareholders from continuing operations / average equity attributable to UBS shareholders less proposed distributions. ⁵ Excludes results from Industrial Holdings. ⁶ Operating expenses / operating income less credit loss expense or recovery. ⁷ Includes Wealth Management International & Switzerland and Wealth Management US. Excludes Interest and dividend income. ⁸ Includes hybrid Tier 1 capital, please refer to the BIS capital and ratios table in the capital management section and note 28 to the financial statements.

From 2005 on, all tables, charts, comments and analysis reflect the integration of Wealth Management US into the new Global Wealth Management & Business Banking Business Group, the change in treatment of the Wealth Management US cash management business and the shift of the municipal securities business to the Investment Bank. Prior years have been restated to reflect those changes. In 2005, the entire private equity portfolio started being reported as part of the Industrial Holdings segment.

Throughout this report, 2004 and 2003 results have been restated to reflect accounting changes (IAS 1, IFRS 2, IFRS 4, IAS 27, and IAS 28) effective 1 January 2005 as well as the presentation of discontinued operations.

Financial Highlights for the quarter ended 31 December 2006

UBS Financial Highlights

UBS income statement

CHF million, except where indicated	As of or for the quarter ended			% change from		Year ended	
	31.12.06	30.9.06	31.12.05	3Q06	4Q05	31.12.06	31.12.05
Net profit attributable to UBS shareholders	3 407	2 199	6 487	55	(47)	12 257	14 029
Diluted earnings per share (CHF)	¹ 1,66	1,07	3,14	55	(47)	5,95	6,68
Basic earnings per share (CHF)	¹ 1,73	1,11	3,28	56	(47)	6,20	6,97
Return on equity attributable to UBS shareholders (%)	^{2,3}					28,2	39,6

Performance indicators from continuing operations

Diluted earnings per share (CHF)	¹	1,54	1,07	1,28	44	20	5,58	4,66
Return on equity attributable to UBS shareholders (%)	^{3,4}						26,4	27,6

Financial Businesses

Operating income	⁵	12 272	10 462	10 593	17	16	47 171	39 896
Operating expenses		8 645	7 715	7 417	12	17	32 782	27 704
Net profit attributable to UBS shareholders		3 055	2 118	6 337	44	(52)	11 253	13 517
Net profit attributable to UBS shareholders from continuing operations		3 055	2 114	2 597	45	18	11 249	9 442
Cost / income ratio (%)	⁶	70,6	73,8	70,9			69,7	70,1
Net new money (CHF billion)	⁷	25,5	41,9	31,1			151,7	148,5
Personnel (full-time equivalents)		78 140	75 593	69 569	3	12		

UBS balance sheet & capital management

Equity attributable to UBS shareholders	³	49 801	48 209	44 130	3	13		
Market capitalization		154 222	156 615	131 949	(2)	17		
BIS capital ratios								
Tier 1 (%)	⁸	11,2	12,3	12,9				
Total BIS (%)		14,8	15,2	14,1				
Risk-weighted assets		341 892	331 697	310 409	3	10		
Invested assets (CHF billion)		2 989	2 879	2 652	4	13		
Long-term ratings								
Fitch, London		AA+	AA+	AA+				
Moody's, New York		Aa2	Aa2	Aa2				
Standard & Poor's, New York		AA+	AA+	AA+				

¹ For the EPS calculation, see note 8 to the financial statements. ² Net profit attributable to UBS shareholders / average equity attributable to UBS shareholders less distributions. ³ Equity attributable to UBS shareholders on 30 September 2006 and 31 December 2005 is adjusted. For more information see note 1 to the financial statements of the fourth quarter 2006 report. ⁴ Net profit attributable to UBS shareholders from continuing operations / average equity attributable to UBS shareholders less distributions. ⁵ Excludes results from industrial holdings. ⁶ Operating expenses / operating income less credit loss expense or recovery. ⁷ Excludes interest and dividend income. ⁸ Includes hybrid Tier 1 capital. Please refer to the BIS capital and ratios table in the capital management section of the fourth quarter 2006 report.

All share and earnings per share figures reflect the 2-for-1 share split made on 10 July 2006.

SELLING RESTRICTIONS

No offers, sales, re-sales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

United States

The Securities have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "**Securities Act**"). Offers, sales, re-sales or deliveries of Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; or (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; or (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; or (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, ten per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons, or (vii) any other U.S. person as such term may be defined in Regulation S under the United States Securities Act of 1933 or in regulations adopted under the United States Commodity Exchange Act.

Securities may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") no offer of Securities to the public in that Relevant Member State has been or will be made, except that with effect from and including the Relevant Implementation Date, an offer of Securities to the public in that Relevant Member State may be made:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication (or where the offer is made in Austria, the period beginning on the day after the publication on a banking day) of a prospectus in relation to the Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR43,000,000 and (3) an annual turnover of more than EUR50,000,000, all as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

All applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") must be complied with in respect to anything done in relation to the Securities in, from or otherwise involving the United Kingdom. An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Securities may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not or would not, if it was not an authorised person, apply to the Issuer.

Italy

The offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Securities be distributed in the Republic of Italy, except:

- (i) to professional investors (*operation qualificati*) (the **Professional Investors**), as defined in Article 31, second paragraph, of CONSOB (the **Italian Securities Exchange Commission**) Regulation No. 11522 of 1 July 1998, as amended (**Regulation No. 11522**); or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**).

Any offer, sale or delivery of the Securities or distribution of copies of the Prospectus or any other document relating to the Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 11522 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on solicitation of investments applies under (i) and (ii) above, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial

Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

General

No offers, sales, re-sales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

GENERAL INFORMATION

1. For the years ended 31 December 2004 and 2005, the consolidated financial statements of UBS AG were audited, without qualification, by Ernst & Young Ltd. Ernst & Young Ltd is a member of the Swiss Chamber of Auditors. The address for Ernst & Young Ltd is Aeschengraben 9, P.O. Box 2149, CH-4002 Basel.
2. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under any applicable laws have been given, and have not been withdrawn, for the issue of the Securities and for the Issuer to undertake and perform its obligations under any transaction documents relating to the Securities. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Securities, and was authorised by the Issuer's authorities on 21 March 2007 in respect of the Securities. All necessary corporate action has been taken by the Issuer in connection with authorising the issue of the Securities.
3. For the life of the registration document and in any event as long as the any of the Securities remain outstanding, copies of the following documents (including English translations where relevant) may be inspected at the registered office of each of the Issuer, the office of the Agent in London and can be obtained free of charge from the specified office of the Agent:
 - (i) the forms of Temporary Global Security, Permanent Global Security and Security in definitive form;
 - (ii) the Articles of Association of UBS AG;
 - (iii) any supplement to this Prospectus and any supplementary listing particulars published since the date of this Prospectus; and
 - (iv) the published audited financial statements of UBS for the years ended 31 December 2004 and 31 December 2005.
4. The Securities have been accepted for clearance through Euroclear and Clearstream, with the following ISIN number and Valoren:

		ISIN	VALOREN	Common Code
CHF Notes:	Type A:	XS0290675544	2972765	029067554
	Type B:	XS0290676435	2973288	029067643
EUR Notes:	Type A:	XS0290678134	2973304	029067813
	Type B:	XS0290678993	2973312	029067899
USD Notes:	Type A:	XS0290679967	2973321	029067996
	Type B:	XS0290682243	2973334	029068224
CHF Certificates:	Type A:	XS0290683308	2973350	029068330
	Type B:	XS0290683993	2973364	029068399
EUR Certificates:	Type A:	XS0290684611	2973374	029068461
	Type B:	XS0290685857	2973380	029068585
USD Certificates:	Type A:	XS0290687713	2973390	029068771
	Type B:	XS0290688018	2973479	029068801

5. The Issuer does not intend to provide post-issuance information, except if required by any applicable laws and regulations.

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Kirt Taylor

By:
Melisa MacDonagh

Signed by UBS Limited as Offeror as of the date first mentioned on page one:

By:
Eyke Grüning

By:
Robert Daniell

Signed by Man Investments Limited as the Index Sponsor as of the date first mentioned on page one:

By:
Chris Shea