

EUR 20-YEAR VARIABLE ACCRETER CUMULATIVE STEEPENER NOTES

FINAL TERMSHEET

Description:	20-year Euro-denominated Variable Accreter Cumulative Steepener Notes (the "Notes") with Interest linked to the spread between the 10-year EUR Swap Rate and the 2-year EUR Swap Rate fixed in arrears.
Dealer	UBS Limited
Issuer:	UBS AG, Jersey Branch
Ratings:	Aa2 / AA+
Status:	Senior Unsubordinated
Aggregate Nominal Amount:	EUR 2,000,000
Issue Price:	100.00%
Denominations:	EUR 10,000 per Note
Trade Date:	16 June 2004
Issue Date:	19 July 2004
Maturity Date:	19 July 2024
Coupon:	Zero
Redemption Amount:	(100% + compounded Interest Rate of Accrual) * Initial Nominal Amount where the Interest Rate of Accrual is compounded from the Issue Date to the latest Accrual Date.
Interest Rate of Accrual:	<u>Years 1-2:</u> 8.15% per annum <u>Years 3 - 20:</u> Previous Accrual Period Rate of Accrual + 5 * (Index – 0.45%) per annum subject to a minimum yield of 0.00% per annum and a maximum yield of 8.15% per annum
Index:	10 year EUR Swap Rate – 2 year EUR Swap Rate
2 year EUR Swap Rate:	2-year euro swap rate quoted as annual 30/360 vs. 6m Euribor at 11am Brussels time five Business Days prior to the end of each Accrual Period (subject to adjustment for Business Day Convention). Reference page Reuters ISDAFIX2.
10 year EUR Swap Rate:	10-year euro swap rate quoted as annual 30/360 vs. 6m Euribor at 11am Brussels time five Business Days prior to the end of each Accrual Period (subject to adjustment for Business Day Convention). Reference page Reuters ISDAFIX2.
Interest Determination Date	On Business Days at 11 am Brussels time

(Fixing):

Accrual Date: 19 July in each year commencing on 19 July 2005, up to and including the Maturity Date.

Accrual Period: The initial Accrual Period will be the period from the Issue Date to but excluding the first Accrual Date. Subsequent Accrual Periods will be the periods between two successive Accrual Dates, starting on an Accrual Date to but excluding the next Accrual Date.

Day Count: 30/360
Business Day Convention: Following Unadjusted
Listing: None
Business Days: TARGET and London
Calculation Agent : UBS AG, London Branch

Settlement: Standard EMTN via Euroclear / Clearstream Banking
Documentation: Issued off the Issuer's Euro Medium Term Note Programme. Purchase of the Notes is subject to and should be read in conjunction with the terms and conditions of the Notes, the Information Memorandum for the Programme and the Pricing Supplement relating to this issue of Notes. A copy of these will be provided to investors.

Market Making: It is the current practice (but not the legal obligation) of UBS to quote on request a live price that it might pay/charge for early termination of any note of this type that it issues. A live unwind price may be affected by then-current market conditions, liquidity and market standard denomination. UBS is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote

Valoren: []
ISIN: []

Selling Restrictions: USA, US persons Selling Restrictions (Note 1)
Hong Kong Selling Restrictions (Note 2)
Singapore Selling Restrictions (Note 3)
UK Minimum Levels (Note 4)
Others - As detailed in the Information Memorandum for the Programme

Note 1- USA Selling Restrictions.

The Notes may not be sold or offered within the United States or to U.S. persons; the foregoing shall not, however, prohibit sales to U.S. offices of UBS AG.

Note 2- Hong Kong Selling Restrictions.

The Notes have not been offered or sold and purchasers of Notes may not offer or sell the Notes in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong. No advertisement, invitation or document relating to the Notes has been issued, and purchasers of Notes may not issue advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made there under.

Note 3 - Singapore Selling Restrictions.

This Term Sheet and the Information Memorandum have not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**") under the Securities and Futures Act 2001 (Act 42 of 2001) of Singapore (the "**Securities and Futures Act**"). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Term Sheet, the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) to an institutional investor or other person falling within Section 274 of the Securities and Futures Act, (2) to a sophisticated investor (as defined in Section 275 of the Securities and Futures Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) otherwise than pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Note 4 – UK Minimum Levels.

As a guide, this Note should not be sold with a consideration of less than Euro 40,000 or equivalent.

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which the termsheet relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this term sheet. UBS may pay or receive brokerage or retrocession fees in connection with this transaction. UBS's hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document is for information purposes only and should not be construed as an offer, recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Notes (the "Prospectus").

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This term sheet shall not be copied or reproduced without UBS's prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the securities described herein, save where explicitly stated in the Prospectus. The securities must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold. Not for distribution in the United States or to U.S. persons.

No public offer within the meaning of Article 7 of the Slovenian Securities Market Act (Zakon o trgu vrednostnih papirjev) of the Notes is made in Slovenia. The Notes are not registered or authorized for distribution under the Slovenian Securities Market Act. The Notes are offered by way of a private placement in Slovenia to individual entities in Slovenia and not to an indefinite number of addressees. The offeror specified the addressees by specific criteria and laid down the identity of the addressees of the offer by name before the offer.

The issuer is under no the supervision of the Slovenian National Bank (Banka Slovenije), Agency for the Securities Market (Agencija za trg vrednostnih papirjev) or any other Slovenian supervision authority.

Neither this termsheet nor any other document in connection with the Notes is a prospectus according to the Slovenian Securities Market Act and has therefore not been drawn up, audited and published in accordance with such acts.

SWAP TERMS

Counterparty A	:	UBS AG, London ("UBS")
Counterparty B	:	UBS AG, Jersey ("Issuer")
Principal Amount	:	EUR 2,000,000
Trade Date	:	16 June 2004
Effective Date	:	19 July 2004
Termination Date	:	19 July 2024
Initial Exchange	:	None
Counterparty A pays	:	Annual accretions at the Interest Rate of Accrual
Counterparty B pays	:	6-month EURIBOR less 12 bp on the Outstanding EUR Notional
Outstanding EUR Notional	:	Sum of all Annual accretions paid to date plus Principal Amount
Day Count Fraction:	:	act/360
Counterparty A Payment Dates:	:	19 July in each year
Counterparty B Payment Dates:	:	19 January and July in each year
Rate source	:	Telerate page 248
Business Days	:	London and TARGET
Business Day Convention	:	Modified Following Adjusted
Final Exchange	:	None
Calculation Agent	:	UBS AG, London Branch
Documentation	:	Standard ISDA documentation between the Counterparties