

## UBS ETC (EUR)

Linked to the **UBS Bloomberg CMCI Industrial Metals EUR Hedged Total Return Index**  
 Issued by **UBS AG, London Branch**  
**Cash Settlement**



SSPA/EUSIPA Name: Tracker Certificate (1300)

This Product does 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 does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA.

### Final Product Description for marketing purpose

**UBS Exchanges Traded Commodities (ETCs) provide instant exposure to a benchmark commodity index through a single stock exchange transaction and track its performance on a one-to-one basis less management fees. UBS ETCs comprise cost efficiency, open-ended index tracking and daily exchange liquidity.**

#### Summary of Final Product Terms

<b>Issuer (Rating)</b>	<b>UBS AG, London Branch (Aa3/A+/A+)</b>
Lead Manager	UBS AG, Zurich (Investment Bank)
Pricing / Strike Date	11 December 2007
Payment Date	18 December 2007
Expiration Date / Tenor	Open ended, subject to being called by the issuer and/or put by the investor
Denomination / Conversion Ratio	1 unit refers to 1 underlying
Issue Price	<b>EUR 1'141.552</b> (100.00% of the reference price of the underlying adjusted for the conversion ratio)
Capital Protection	None
Settlement	Cash in EUR
Exchange	SIX Swiss Exchange / Scoach (EIMCI)
Management Fee	0.49% p.a.
Public Offering in	CH, DE, A, UK, S, N, SF, LUX, SP, L
Selling Restrictions (See termsheet for details)	USA, US persons, HK, Singapore, Europe (in EEA jurisdictions min. investment of EUR 50'000 or equivalent unless locally registered).
Valor / ISIN	3624901 / CH0036249016
<b>Underlying (Bloomberg)</b>	<b>Reference Price</b>
<b>UBS Bloomberg CMCI Industrial Metals EUR Hedged Index (XMIETR) - EUR</b>	1'141.552

#### Underlying Description

The UBS Bloomberg CMCI Industrial Metals EUR Hedged Total Return Index measures the collateralized returns from industrial metals future contracts. It is designed to provide the maximum available diversity across commodity maturities and as such invests a weighted average amount into each available CMCI Standard Constant Maturity.

Hedging Mechanism: The collateral on the entire Index notional amount is held in EUR and adjusted on a daily basis; only the daily positive or negative Index performance is exposed to changes in the EUR-USD exchange rate. As a result, the currency risk is extensively hedged.

Additional information about the underlying can be found under [www.ubs.com/cmci](http://www.ubs.com/cmci). For performance charts please refer to the [Chartbook on the homepage](#).

#### Product Description

The ETC is a structured product belonging to the "Performance" category. Performance products offer solutions for investors with medium to higher risk tolerance who seek to efficiently access a certain market or to potentially outperform an underlying.

This product lets you replicate the performance of the underlying easily and efficiently and offers full participation in its increase or decrease **without any protection**. The redemption of this product is linked to the performance of the underlying over your investment horizon.

### Main benefits at a glance

- Efficient and easy access to the underlying
- Potential for unlimited upside participation in the underlying on the redemption date
- Simple and flexible trading in the secondary market

### Main risks at a glance

- The potential loss on an ETC is equal to the loss of a direct investment in the underlying
- You are fully exposed to the default risk of the issuer
- The performance of the tracker is fully dependent on the price development of the underlying future contracts across the curve, which can substantially differ from the price development of the spot price in the respective commodity.
- Commodity returns can be highly volatile. Investors should be able to tolerate significant fluctuations.

### Investment Rationale

ETC provide easy and efficient access with unlimited upside participation in the underlying as well as simple and flexible trading in the secondary market.

However, if the underlying has fallen in value, you bear the full downside risk without any protection.

### Scenario Analysis

Return on Investment (ROI) on the redemption date

Reference price EUR 1'141.552

Underlying on the expiration date		ROI
EUR	Chg %	
1'712.328	+50.00%	50.00%
1'598.173	+40.00%	40.00%
1'484.018	+30.00%	30.00%
1'369.862	+20.00%	20.00%
1'255.707	+10.00%	10.00%
1'141.552	0.00%	0.00%
1'027.397	-10.00%	-10.00%
913.242	-20.00%	-20.00%
799.087	-30.00%	-30.00%
684.931	-40.00%	-40.00%
570.776	-50.00%	-50.00%

For illustrative purposes only; Source: UBS

### Scenario 1: Unlimited Upside Participation

If the underlying trades at or above the initial reference price, you will benefit from an unlimited upside performance of the underlying over your investment horizon. (minus 0.49% p.a. Management Fees).

### Scenario 2: Full Downside Risk

You do not have any protection and therefore are fully exposed to the downside if the underlying trades below your reference price. In a worst case scenario the investment becomes worthless and you could lose all of the invested capital.

### About UBS Bloomberg Constant Maturity Commodity Indices ("UBS Bloomberg CMCI")

Traditional commodity indices such as the S&P GSCI Commodity Index ("S&P GSCI") invest in front-month futures\* to invest in the most liquid contracts and to replicate spot price behaviour as closely as possible. To avoid physical delivery the index manager sells the soon-to-expire contract (called "front" or "nearby contract") and buys (rolls the proceeds into) the second-nearby newer contract due to become the next front-month contract after the expiry of the former. Dependent on the term structure the principle may create negative roll yield and hence diminish the index return significantly. The UBS Bloomberg Constant Maturity Commodity Index ("UBS Bloomberg CMCI"), by contrast, is based on a methodology that aims to enhance roll yields by optimizing the roll effect via constant maturity approach. Through the constant maturity methodology, each referenced futures maturity of every commodity component is held near-constant. In the UBS Bloomberg CMCI constant maturities<sup>1</sup> are achieved by a roll process where a small portion of the overall commodity futures exposure is rolled on a daily basis. The procedure creates a less volatile index and replicates returns which may be less affected by negative roll yields prevalent in other commodity indices.

The **UBS Bloomberg CMCI Industrial Metals EUR Hedged Total Return Index** is a sub-index of the UBS Bloomberg CMCI family of indices. It tracks the performance of Industrial Metals futures with different maturities as defined in the underlying description above.

\* A Future contract is a traditional agreement between two parties to buy or sell a particular commodity at a specified future date. Commodity investments are typically carried out through futures contracts since the physical purchase of the raw material is often possible only to a limited extent, or with incurring substantial costs.

<sup>1</sup> Quasi-constant: the maturity fluctuates slightly between daily rolls.

## Product Suitability

### Market View

You expect the underlying to increase over your investment horizon.

You wish to have exposure to EUR. In case the currency of the product is different from your reference currency, the return may increase or decrease as a result of currency fluctuations.

### Investment Horizon

Depending on the objective of your investment you might have a short- to medium-term investment horizon.

While the certificate has an unlimited tenor (open end), it can be called by the issuer and/or put by the investor as disclosed in the term sheet.

### Risk Tolerance

You are an experienced investor and are familiar with both structured products and commodity markets.

You **do not** require predetermined, regular coupon income as your objective is appreciation of assets in the long term.

You **do not** require capital protection and you are conscious of making an investment that is exposed to the full downside of the underlying.

You should hold this product as part of a diversified portfolio and avoid any significant concentration risk in regards to the underlying and/or the issuer.

Commodity returns can be highly volatile. Investors should be able to tolerate significant fluctuations.

## Risks

### Product Specific Risks

You are aware that if the underlying trades below your reference price, you are fully exposed to any decline in the level of the underlying and may lose some or all of your invested amount.

The underlying commodity index does not track commodity spot prices. Generally, commodity total return index performance is a function of spot returns, roll returns and money market returns.

### Credit Risk

**All structured products are subject to the credit worthiness of the issuer and/or guarantor (if applicable). You bear the credit risk of UBS AG.**

Valuation: Should the quality and/or the credit rating of the issuer deteriorate over the life of the investment, the value of the product may be affected. Whilst a fall in value alone would not impact any redemption amount paid on the redemption date, it could affect the proceeds of an early redemption or sale in the secondary market.

Default: You are fully exposed to the default risk of the issuer.

### Liquidity / Early Termination

The lead manager intends, but is not obliged, to provide a daily secondary market at the SIX Swiss Exchange / Scoach under normal market conditions. The assessment of normal market conditions and the provision of a secondary market are at the issuer/lead manager's discretion or follow rules of the exchange where listed, in case of listed notes.

By selling in the secondary market you may receive less than the capital invested.

The product may contain terms and conditions that allow the issuer to determine or adjust in its absolute discretion the value of the underlying if certain market disruption events, corporate events or other circumstances affecting normal activities occur (please see term sheet for details). Such terms and conditions may also allow the issuer to close the product at an amount determined by the calculation agent. This early termination amount is usually equivalent to the prevailing mark-to-market value.

### Market Risk

Prior to the redemption date, the pricing behaviour of the product, including the bid/ask spread, will be influenced not only by the level of the underlying but also by interest rates, volatilities and credit quality of the issuer.

Therefore, the product may trade considerably below 100% during the life of the product.

## Tax Treatment

**You as investor are liable for all current and future taxes and duties as a consequence of an investment in this product.** The taxation of this investment can be complex and depends on your individual tax profile as well as on the particular product. You must therefore seek your own tax advice from an external and reputable service provider on the consequences of holding this investment to maturity (including where the investment has been bought on the secondary market) and the consequences of redeeming or selling the investment before maturity. The following information only provides some of the potential tax consequences at the time of issue. Tax laws and practices of tax administrations may change on short notice, possibly with retroactive effect.  
**This tax section does not constitute tax advice nor does UBS provide tax advice on any investment products.**

## Income Tax for Private Investors

The following information on income tax refers to private investors resident in one of the following countries holding this investment as private asset.

### Tax Residence in Austria:

The positive difference between the redemption amount (sales price) and the issue price constitutes investment income, which is, for a private investor, subject to the withholding tax of 25 % (domestic paying agent) or the special income tax of 25 % (foreign paying agent), as the case may be. The withholding tax is final in case of public offering in legal and actual terms.

### Tax Residence in Germany:

At the level of a German private investor, a gain resulting from the redemption or the sale of the product as well as recurring or non-recurring income from this product will be subject to the flat rate taxation regime ("Abgeltungsteuer") at a flat rate of 25% plus 5.5% solidarity surcharge thereon and plus 8% or 9% church tax (if applicable) on the flat rate tax (according to the church tax rate in force in the German federal state of residence of the private investor). At the level of a German private investor, a gain resulting from the redemption or the sale of the product as well as recurring or non-recurring income from this product will be subject to the flat rate taxation regime ("Abgeltungsteuer") at a flat rate of 25% plus 5.5% solidarity surcharge thereon and plus 8% or 9% church tax (if applicable) on the flat rate tax (according to the church tax rate in force in the German federal state of residence of the private investor).

### Tax Residence in UK:

For tax suitability, UK resident clients (including those who are non domiciled) should take the following aspects of the product structure into consideration that may include, but are not limited to, the domicile of the issuer, the domicile of the custodian, the settlement currency of the product, the form of deed, and whether the product pays the total return in form of one payment or as a coupon separate to the principal.

### Tax Residence in Luxembourg:

The product is not subject to the Luxembourg savings tax.

### Tax Residence in Switzerland

The transaction is in principle subject to neither Swiss federal nor cantonal and communal Income Tax.

## EU Savings Directive

### Information Exchange

The European Savings Directive (ESD) was introduced on July 1, 2005 by EU member states to achieve a minimum level of effective taxation of cross-border income in the form of interest payments to private investors resident within the EU. To achieve this, EU member states introduced an automatic exchange of information. This applies to all paying agents in EU member states other than in Austria or Luxembourg.

### EU Savings Tax

Some of the EU member states introduced a withholding tax as a transition measure. This regime has also been expanded to associated territories and certain countries outside the EU (among them Switzerland, Monaco, Jersey). These countries committed themselves to choose a withholding tax in combination with the possibility of information exchange. The retention rate initially started at 15%, increasing to 20% on July 1, 2008 and 35% from July 1, 2011.

### Paying Agents in Austria

The product is not subject to the EU savings tax

### Paying Agents in Luxembourg

The product is not subject to the EU savings tax.

### Paying Agents in Switzerland

The product is not subject to the EU savings tax (TK 9).

### Issuer Withholding Tax

The issuer is not required to deduct a withholding tax.

## Issuance/Turnover Duties

### Brokerage/Custody Account in Switzerland

Secondary market transactions are not subject to Swiss Stamp Duty.

### Structuring Payment

In order to remunerate UBS for its role as Product distributor, UBS may receive certain fees and/or non-monetary benefits from the product provider. Non-monetary benefits will typically take the form of research, training, education and sales support offered by product providers to our employees. Fees generally represent a discount to or a portion of the issue price of such products or may also represent a portion of the annual management fee and typically are within a range of 0%-2% p.a. (paid as a one-off payment or in instalments).

As the product's issuer/lead manager is UBS, in offering you this product the UBS Group will take the roles of both manufacturer (UBS Investment Bank) and distributor (UBS Wealth Management). Certain ancillary roles, such as those of the custodian and administrator, may also be performed by the UBS Group. This means that in effect, up to 100% of fees charged for the product will remain within the UBS Group and that any distribution fees earned by the distribution entities of the UBS Group represent an intra group reallocation of revenues.

The investor acknowledges that UBS may retain all or part of such fees and/or non-monetary benefits.

### Further Information

This product description is for information purposes only. The final terms and conditions have been finalised on the pricing date. For detailed information about the terms and conditions as well as additional risk information please consult the term sheet, the final terms and the prospectus provided by the issuer in English only.

This product is a structured product, i.e. a combination of two or more financial instruments of which at least one is a derivative. For more information on "structured products" please refer to the brochure "Special Risks in Securities Trading" (CH) or the risk warning documentation provided by UBS in your booking centre. Additional information on UBS Structured Products in general, the various product families as well as risks and opportunities can be found in designated UBS brochures (subject to local availability).

**CH:** This product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 et seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus is not subject to the authorisation or supervision of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this product are not eligible for the specific investor protection under the CISA.

#### Contact

Please contact your client advisor for further information.

UBS Structured Products  
[www.ubs.com/structured-products](http://www.ubs.com/structured-products)  
[www.ubs.com/quotes](http://www.ubs.com/quotes)

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 term sheet relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in the term sheet. UBS may pay or receive brokerage or distribution fees in connection with this transaction. The investor acknowledges that UBS may retain all or part of such fees. 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.

There is a possibility that costs, including taxes, related to transactions in connection with this financial instrument may arise for the investor that are not paid via UBS or imposed by it.

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 judgment 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 and marketing 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 Certificates (the "Prospectus"). Prospectus available upon request.

In relation to any securities, currencies, financial instruments or other assets underlying the transaction to which the term sheet relates, values may fall as well as rise and past performance is not an indication of future performance.

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This document may 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.

**Austria:** In Austria this document is communicated by UBS (Luxembourg) S.A., Austrian Branch whose registered office is at Wächtergasse 1, 1010 Wien

**Germany:** In Germany this information is communicated by UBS Deutschland AG. The Prospectus can be received from UBS Deutschland AG, Opernturm, Bockenheimer Landstr. 2 – 4, 60306 Frankfurt am Main upon request.

**Luxembourg:** In Luxembourg this document is communicated by UBS (Luxembourg) S.A. whose registered office is at 33a, Avenue J.F. Kennedy, L-1855 Luxembourg, R.C. No B 11142

**Spain:** UBS Bank S.A., Calle María de Molina 4, E-28006 Madrid; CNMV registration number: 0226.

**UK:** This document is issued by UBS Wealth Management, a division of UBS AG which is authorised and regulated by the Financial Services Authority and a member of the London Stock Exchange. It has been prepared solely for information purposes and is based upon opinions, which reflect our current views but which may be liable to change, and upon sources believed to be reliable. UBS AG is registered as a branch in England and Wales Branch No. BR004507 (A public company limited by shares, incorporated in Switzerland whose registered offices are at Aeschenvorstadt 1, CH-4051, Basel and Bahnhofstrasse 45, CH-8001 Zurich). Registered Address: 1 Finsbury Avenue, London EC2M 2PP.

© 2011 UBS AG. All rights reserved