

# UBS Vario Yield Certificates

## Open End Certificate on the Vario Yield Index

Subscription Period: 12 January until 27 January 2004

### Product Description

The **UBS Vario Yield Certificates** tracks a systematic investment strategy that aims to achieve historically high bond yields (7.2% p.a. as a result of a theoretical historical backtesting from 31.12.1994 to 31.10.2003) independently of current interest rate levels and its changes. To achieve this, the Dow Jones Euro STOXX 50<sup>SM</sup> Total Return Index is replicated with a monthly dynamically adjusting safety cushion.

### Product Details

Underlying	<b>Vario Yield Index</b> is based on the Dow Jones Euro STOXX 50 <sup>SM</sup> ** Total Return (the "Index")
Underlying Level	183.30 (Index points as of 28 January 2004)
Issue Price	EUR 101.00 (EUR 100 plus EUR 1 offering premium)
Risk-Management-Fee	0.75 % p.a.
Final Reference Price of Underlying	Closing price of the Index on the valuation date. The valuation date is the exercise date or the termination date.
Security No.	ISIN: DE000A0AAQ53 Valor: 1734842 WKN: A0AAQ5 Common Code: - tbd -

### Dates

Issue Date	12.01.2004
Pricing Date	28.01.2004
Payment Date	30.01.2004
Expiration Date	Open End
Redemption Date	5 Banking Days following the exercise or the termination date

\*The listing of these securities will be discontinued two trading days prior to Termination Date. From that date until Termination Date, only off-floor trading, with the Offeror, will be possible.

\*\* Dow Jones Euro STOXX 50 Index is property of STOXX Ltd. The name of the index is a service mark of DOW JONES & COMPANY, Inc. and licensed for certain purposes to UBS AG.

### General Information

Issuer	UBS AG, London Branch
Lead Manager	UBS Limited
Issue Size	5,000,000 Certificates
Redemption	Cash Settlement in EUR on the exercise or termination date.

Settlement Amount = EUR  
100 x Final Reference Price / Initial Reference Price x RMF Factor

RMF = 0.0625% risk management fee, to be deducted monthly in arrears.

RMF Factor is calculated as follows:

$1 / (1.000625)^n$   
n = number of month since payment date on 30 January 2004 with n1 = 20 Februar 2004

Should any of the above dates not be a business day, the next following business day shall apply.

Trading Listing	09:00 - 20:00 hours Frankfurt, Stuttgart (Third Section)
Lot Minimum	1 Certificate(s)
Sales Restrictions	U.S.A.; U.S. Persons / U.K. (minimum subscription for UK residents equals EUR 40,000 or equivalent)
Clearing	Euroclear, Clearstream Banking SA, Clearstream Banking AG (Global Certificate filed with Clearstream Banking AG)
Custody	Clearstream Banking eligible (up-to Global Certificate)

### Contact

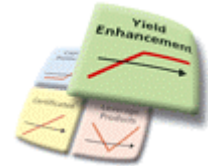
UBS Investment Bank AG  
Investment Products  
Stephanstrasse 14-16  
60313 Frankfurt am Main  
Germany  
Phone: +49 (0) 69 1369 – 8989  
Fax: +49 (0) 72 22 73  
email: [invest@ubs.com](mailto:invest@ubs.com)  
Internet: [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest)  
Reuters: UBSDEEW02  
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### The Vario Yield Index

The Vario Yield Index is a systematic investment strategy that aims to achieve historically high bond yields independently of current interest rate levels and its changes.

The Index calculated by UBS Investment Bank does track the performance of the Dow Jones Euro STOXX 50<sup>SM</sup> Total Return combined with a short position of 1 month call-options on the Dow Jones Euro STOXX 50<sup>SM</sup> with a strike 90% of the then current Index level, rolled on a monthly basis. Option prices are included at bid-price minus 1 volatility percentage point. Each roll-over is calculated on the basis of the data from the expiry date for the options on the Dow Jones Euro STOXX 50<sup>SM</sup> on the relevant options exchange, for the time being the 3rd Friday in each month on EUREX (first roll-over calculation will be the 20 February 2004).

The calculation of the index, which is a **performance index**, started with 100 index points on 30 December, 1994 and has been continued since then.

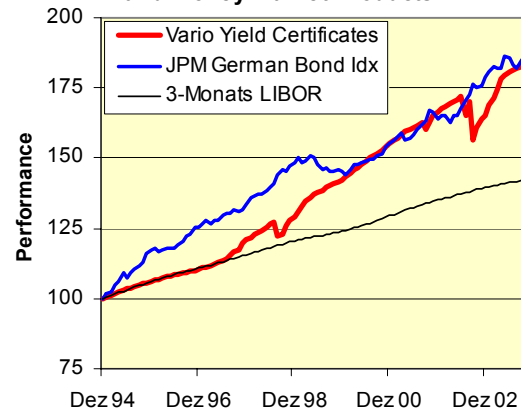
**Issuer's Call Right:** The Issuer has a right to call the Certificates for early redemption by giving notice to that effect. The Certificates can be terminated at any time and the termination will become effective after a notice period of 1 year and 1 month.

**Investors' Exercise Right:** Despite the fact that the Certificates can be sold daily on the above mentioned stock exchanges, the Investor has an annual right to exercise his Certificates (notice to be received no later than 10:00 am on 30 January, Frankfurt time) effective 30 January, for the value of the current Index level.

### Theoretical historical back-testing

(30 December 1994 until 31 October 2003):

**Vario Yield Index vs Bundesanleihen and Money Market Products**



### Certificates

Certificates are a group of products, which replicate the performance of the underlying. Certificates give the investor the possibility to be diversified with low administrative costs and small investment amounts. The risk of loss is limited to the invested capital.

For private investors domiciled in Switzerland any profit will be treated as capital gain and is therefore not subject to the Swiss Federal income tax. However, any losses are not tax deductible for such tax payers.

The cantonal and communal income taxes are in principle in accordance with the Swiss Federal Income tax.

The transaction is not subject to the Swiss withholding tax.

"Final Terms and Conditions / Prospectus: the prospectus of the security described in this termsheet can be ordered under: Tel. 0049-069-1369-8989."

### Contact

UBS Investment Bank AG  
Investment Products  
Stephanstrasse 14-16  
60313 Frankfurt am Main  
Germany  
Phone: +49 (0) 69 1369 – 8989  
Fax: +49 (0) 72 22 73  
email: [invest@ubs.com](mailto:invest@ubs.com)  
Internet: [www.ubs.com/kevinvest](http://www.ubs.com/kevinvest)  
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Sources: Company/Index Description: Bloomberg; Chart: Reuters