



Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
340 Madison Avenue, 5th Floor
New York, New York 10017

Licensing Division
Telephone No.: 212.790.4055
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Conditional Approval #769
December 2006

November 2, 2006

Mr. Michael T. Escue
Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004-2498

Re: Application by UBS AG to establish a limited federal branch
Control Number: 2006-IB-10-0003

Dear Mr. Escue:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a limited federal branch with the title of UBS Tampa Branch to be located at 2202 N. Westshore Boulevard, Suite 200, Tampa, FL (hereinafter "the new branch"). On October 30, 2006, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. This is preliminary approval only. Final approval will not be granted until all other applicable regulatory approvals have been granted and the OCC determines that the new branch is ready to commence operations.

This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the foreign bank and/or its representatives.

This approval is subject to the following conditions:

1. In addition to compliance with other applicable requirements under U.S. law, UBS AG will make available to the OCC such information on the operations and activities of UBS AG and any of its affiliates that the OCC deems necessary to determine and enforce compliance by the branches and the new branch with applicable Federal laws. If the disclosure of any required information is prohibited by law or otherwise, UBS AG will cooperate with the OCC including seeking timely waivers of or exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable UBS AG to make such information available to the OCC. However, if any restrictions on access to information on the operations or activities of UBS AG or its affiliates interfere with the OCC's ability to obtain information to determine and enforce compliance with

applicable Federal laws, the OCC may require termination of any offices licensed by the OCC or take other appropriate actions.

2. UBS AG consents to the jurisdiction of the Federal courts of the United States and of all United States government agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the Office of the Comptroller and any other United States government agency, department or division, in any matter arising under the National Bank Act, the International Banking Act, and other applicable Federal banking laws.
3. UBS AG: (i) shall give the OCC's New York Field Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection for any such significant deviation or change.

The conditions of this approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC §1818. As such, the conditions are enforceable under 12 USC §1818.

The OCC poses no objection to the following person(s) serving as management as proposed in the application.

Ms. Penelope A. Simon, Branch Manager
Mr. Peter Slagowitz, President

For a period of two years after opening the new branch, any new executive officer for the new branch is subject to OCC review and approval *prior* to that individual assuming such position.

In connection with preliminary conditional approval to establish the new branch, final approval will not be granted until the applicant has met the following procedural requirements and the OCC determines that the new branch is ready to commence operations.

- The new branch must have adequate fidelity insurance coverage.
- The new branch must open within eighteen (18) months of the date the OCC granted preliminary approval; otherwise, the approval is withdrawn.
- The new branch will maintain its accounts, books, and records as prescribed by 12 CFR 28 and in such a manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.
- The foreign bank must comply with all understandings and commitments contained in any approval order issued by the FRB in connection with the proposed new branch.

- UBS AG will maintain a combined Capital Equivalency Deposit (CED) for the branches located in Florida. The CED shall be maintained in a bank consistent with OCC regulations and pursuant to a letter-agreement in such form and containing such limitations and conditions as prescribed by the OCC.
- Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the new branch commences business.

Please advise the OCC in advance of the opening date of the new branch so that we may issue the license granting final approval for its establishment and operation.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have questions, please contact Licensing Analyst Kerry T. Rice at (412) 856-0404, or me at (212) 790-4055.

Sincerely,

/s/

J. Greg Parvin
Director for District Licensing