



UBS AG, London and Jersey Branch

Supplement no. 2

dated 25 October 2006

to the

Base Prospectus

dated 1 March 2006

Supplement pursuant to sections 6 (2), 16 (1) of the German Securities Prospectus Act
(*Wertpapierprospektgesetz*)

by

UBS AG, [London] [Jersey] Branch

(the "**Issuer**")

for the issue of

UBS [Capital Protected] Gearing Certificates

based on [shares] [indices] [currencies] [precious metals]
[commodities] [interest rates] [other securities] [baskets of the above instruments] as the Underlying

offered by

UBS Limited

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GENERAL

This supplement no. 2 (the "**Supplement**") is supplemental to, forms an integral part of and must be read in conjunction with, the Base Prospectus dated 1 March 2006 (hereinafter referred to as the "**Base Prospectus**") as amended by supplement no. 1 dated 1 June 2006, prepared by UBS AG, [London] [Jersey] Branch (hereinafter referred to as the "**Issuer**"), for the issue of UBS [Capital Protected] Gearing Certificates based on [shares] [indices] [currencies] [precious metals] [commodities] [interest rates] [other securities] [baskets of the above instruments] as the Underlying (hereinafter referred to as a "**Certificate**" or the "**Certificates**", as well as a "**Security**" or the "**Securities**") offered by UBS Limited (hereinafter referred to as the "**Offeror**").

Terms defined in the Base Prospectus shall have the same meaning when used in this Supplement unless otherwise defined herein.

This Supplement is a supplement to the Base Prospectus within the meaning Article 16 of Directive 2003/71/EC of 4 November 2003 (hereinafter the "**Prospectus Directive**"; the term also covers all implementation measures by member states of the European Economic Area) and the corresponding German implementation legislation in form of the Securities Prospectus Act (*Wertpapierprospektgesetz*). The Supplement has been approved as a prospectus supplement by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* - BaFin), as the competent authority in the Federal Republic of Germany as the (selected) home Member State of UBS within the meaning of the Prospectus Directive and the Securities Prospectus Act (*Wertpapierprospektgesetz*). "Approval" in this context means the positive act at the outcome of the scrutiny of the completeness of the Supplement by the BaFin including the consistency of the information given and its comprehensibility.

The attention is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Securities before the date of publication of this Supplement, have the right, exercisable within two working days pursuant to § 16 (3) of the German Securities Prospectus Act.

Printed copies of the supplement no. 1, supplement no. 2 and the original Base Prospectus are available free of charge from the Issuer at UBS Deutschland AG, Stephanstrasse 14 - 16, 60313 Frankfurt am Main, Federal Republic of Germany. Additionally The supplements and the original Base Prospectus are published on the website www.ubs.com/keyinvest, or a successor website.

RESPONSIBILITY STATEMENT

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] [Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ, Channel Islands], as Issuer and UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, as Offeror of the Securities referred to in this Supplement, assume responsibility for the content of this Supplement as a supplement to the Base Prospectus pursuant to section 5 (4) of the Securities Prospectus Act.

The Issuer and the Offeror declare that they have taken all reasonable care to ensure that the information contained in this Supplement is, to the best of their knowledge, accurate, and that no information has been omitted that could materially alter the implications of this Supplement.

AMENDMENTS TO THE CONDITIONS

Effective as of the date of this Supplement, the Conditions referred to below have been amended and have been replaced with the new wording set out below. Consequently, all of the Conditions for the Securities shall be construed and applied accordingly. No other amendments have been made to any of the Conditions.

Part 2: Special Conditions of the Securities

1. § 1 Certificate Right (for the individual types of Securities) [UBS Gearing Certificates]

The wording of § 1 (2) on pages 42 to 44 of the Base Prospectus and of supplement no. 1, respectively, will be supplemented by the following:

[wobei die „**Index-Performance**“ gemäß folgender Formel berechnet wird:

[where the “**Index Performance**” is calculated according to the following formula:

$$\text{Max}(0; (\frac{\text{Underlying1(Final)} - \text{Underlying1(Initial)}}{\text{Underlying1(Initial)}}) - (\frac{\text{Underlying2(Final)} - \text{Underlying2(Initial)}}{\text{Underlying2(Initial)}}))$$

„**Underlying 1 (Initial)**“ steht für [•].

“**Underlying 1 (Initial)**” means [•].

„**Underlying 1 (Final)**“ steht für [•].

“**Underlying 1 (Final)**” means [•].

„**Underlying 2 (Initial)**“ steht für [•].

“**Underlying 2 (Initial)**” means [•].

„**Underlying 2 (Final)**“ steht für [•].

“**Underlying 2 (Final)**” means [•].

[[gegebenenfalls andere Bestimmung der Index-Performance einfügen: [•].]

[[if appropriate, insert other determination of Index-Performance: [•].]

2. § 1 Certificate Right (for the individual types of Securities) [UBS Capital Protected Gearing Certificates]

The wording of § 1 (2) on pages 45 to 47 of the Base Prospectus and of supplement no. 1, respectively, will be supplemented by the following:

[wobei die „**Index-Performance**“ gemäß folgender Formel berechnet wird:

[where the “**Index Performance**” is calculated according to the following formula:

$$\text{Max}(0; (\frac{\text{Underlying1(Final)} - \text{Underlying1(Initial)}}{\text{Underlying1(Initial)}}) - (\frac{\text{UnderlyingB(Final)} - \text{UnderlyingB(Initial)}}{\text{UnderlyingB(Initial)}}))$$

„**Underlying 1 (Initial)**“ steht für [•].

“**Underlying 1 (Initial)**” means [•].

„**Underlying 1 (Final)**“ steht für [•].

“**Underlying 1 (Final)**” means [•].

„**Underlying 2 (Initial)**“ steht für [•].

“**Underlying 2 (Initial)**” means [•].

„**Underlying 2 (Final)**“ steht für [•].

“**Underlying 2 (Final)**” means [•].

[[gegebenenfalls andere Bestimmung der Index-Performance einfügen: [•].]

[[if appropriate, insert other determination of Index-Performance: [•].]

Part 3: General Conditions of the Securities

3. § 8 Certificate Right (for the individual types of Securities) [UBS Capital Protected Gearing Certificates]

§ 8 Marktstörungen / § 8 Market Disruptions, subparagraph (1) (page 69 of the Base Prospectus) shall read:

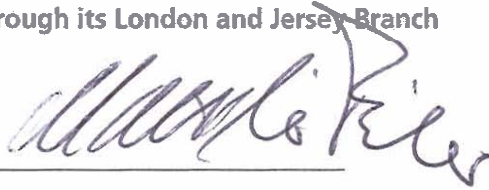
- | | |
|---|---|
| <p>(1) Sind die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens gemäß § 315 BGB der Ansicht, dass [an] [einem der Beobachtungstage] [dem Verfalltag] [bzw.] [an] [dem Bewertungstag] [einem der Bewertungsdurchschnittstage] [oder] [dem Festlegungstag] eine Marktstörung (§ 8 (3)) vorliegt, dann wird [der Beobachtungstag] [der Verfalltag] [bzw.] [der Bewertungstag] [der jeweilige Bewertungsdurchschnittstag] [oder] [der Festlegungstag] für den Basiswert [bzw. für einzelne dem Basiswert zugrunde liegende Werte] auf den unmittelbar darauf folgenden Basiswert-Berechnungstag, an dem keine Marktstörung mehr vorliegt, verschoben. Die Emittentin wird sich bemühen, den Beteiligten unverzüglich gemäß § 11 dieser Bedingungen mitzuteilen, dass eine Marktstörung eingetreten ist. Eine Pflicht zur Mitteilung besteht jedoch nicht.</p> | <p>(1) If, in the opinion of the Issuer and of the Calculation Agent in their reasonable discretion pursuant to § 315 of the BGB, a Market Disruption (§ 8 (3)) prevails [on] [one of the Observation Dates] [the Expiration Date] [or] [on] [the Valuation Date] [one of the Valuation Averaging Dates] [or] [on] the Fixing Date] [, as the case may be,] [the Observation Date] [the Expiration Date] [or] [the Valuation Date] [the relevant Valuation Averaging Date] [or] [the Fixing Date] [, as the case may be,] for the Underlying [or individual underlying values of the Underlying, as the case may be,] shall be postponed to the next succeeding Underlying Calculation Date on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 11 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.</p> |
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Frankfurt am Main, 25 October 2006

UBS AG, acting through its London and Jersey Branch



Volker Greve



Matthias Fischer

UBS Limited



Dagmar Keller



Stefanie Ganz