

**SPECIAL PRODUCT TERMS AND CONDITIONS**  
**TOTAL BOND NO 3 –GLOBAL & NEUTRAL**  
**4 YEAR SUBSCRIPTION PRICE 100 Participation 1.0 (Series A)**  
**4 YEAR SUBSCRIPTION PRICE 110 Participation 2.0 (Series B)**

**Terms and Conditions**

These Special Product Terms and Conditions for Total Bond No 3 Global & Neutral apply together with the General Terms and Conditions in respect of Larsson Investment Funds Ltd and Larsson Fund Management Ltd.

**Issuer:**

Larsson Investment Funds Ltd, Bahamas

**Yield Guarantor:**

Larsson Fund Management Ltd, Bahamas

**Issuer of underlying bond:**

UBS AG, Zurich, Switzerland

**Issuer of underlying option:**

UBS AG, Zurich, Switzerland

**Counterparty risk**

Larsson Fund Management Ltd, Bahamas is the guarantor for separation of the Issuer's other undertakings from this undertaking. The underlying bonds and option are, however, guaranteed by the respective issuing institution.

**Issue price:**

Series A 100%

Series B 110%

**Index factor (W):**

Series A 100%

Series B 200%

**Commission:**

Two per cent

**Trading post and nominal value:**

Minimum Euro 5000 and thereafter multiples of Euro 1,000.

**Start day:**

13 September 2007

**Issue day:**

13 September 2007

**Due date:**

13 September 2011

**Closing and observation days:**

Observation Dates: The 13th calendar day each month the last 12 months, from and including 13 September 2010 up to and including 13 September 2011 (13 Observation Dates in total). If such day is not an Underlying Calculation Date the next following Underlying Calculation Date shall be the Observation Date for the Underlying affected. If no Underlying Calculation Date has occurred within five, in the Calculation Agent's assessment, customary trading days the fifth customary trading day from the Observation Date shall be deemed the new Observation Date for the Underlying affected. Maturity Date (Final Observation Date) is 13 September 2011.

**Valuation:**

The last bank day in each calendar month.

**Market value:**

The investments' value per valuation day.

**Long-term value:**

The underlying asset's value multiplied by the index factor.

**Index** start:

Closing price of the Index on the start day.

**Index** closing:

The arithmetic average of the value of the Index (closing price) on the closing days.

**Return Amount:**

$$\text{Nominal amount} \times W\% \times \left[ \frac{\text{Index}_{\text{closing}}}{\text{Index}_{\text{start}}} - 1 \right]$$

however not less than 0 Euro.

**Repayment Amount:**

The Nominal Amount plus the Return Amount shall be repaid 10 bank days after the due date.

**Index:**

Equity basket (½): Equity indexes in Europe, Sweden and Japan (Eurostoxx50, OMXS30 och Topix) with 1/3 in each. Market neutral (½): UBS ELSA Index and UBS G10 Carry Index with ½ in each OMXS30™

**Business Days:**

Days on which the banks in Stockholm, Nicosia, and Nassau are open for business.

**Applicable Law:**

Bahamian

**Premature Redemption:**

Structured products shall be seen primarily as medium-term or long-term investments, depending on the term. However, there is an opportunity for flexibility during the term. Under normal market conditions, the products can be redeemed prematurely. Larsson Fund Administration Ltd then purchases back the investments. Indicative prices are noted on [www.larssonfunds.com/valuations.cfm/](http://www.larssonfunds.com/valuations.cfm/). The price levels are influenced by, *inter alia*, the development and turnover of underlying assets, interest rates, and the remaining term. The price for redemption can also be either higher or lower than the subscription price. In the event the Investor chooses premature redemption, any profit or loss shall be realised.

**Premature Redemption Fee**

In conjunction with premature redemption, the Investor shall pay a premature redemption fee of 2% of the market value of the investment.

**Risk**

An investment in a structured product is, like all investments, associated with certain risks. The Investor shall ensure that he understands the characteristics and the content of the product as well as the scope of the risks taken, and shall take into consideration the suitability of the product as an investment in light of his personal situation and his financial situation.