UBS AG
Form 424B2
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FINAL TERMS SUPPLEMENT

(To Prospectus dated October 31, 2018, Product Supplement dated October 31, 2018 and Prospectus Supplement dated November 1, 2018)

Final Terms Supplement

UBS AG Trigger Phoenix Autocallable Optimization Securities

UBS AG $100,000.00 Securities Linked to the shares of iShares® MSCI Brazil ETF due on September 2, 2020

Final Terms

Issuer	UBS AG, London Branch
Principal Amount	$10.00 per security. The Securities are offered at a minimum investment of 100 Securities at $10.00 per Security (representing a $1,000 investment) and integral multiples of $10.00 in excess thereof.
Term	Approximately 18 months, unless called earlier.
Underlying Asset	The shares of iShares® MSCI Brazil ETF
Contingent Coupon	If the closing price of the underlying asset is equal to or greater than the coupon barrier on any observation date, UBS will pay you the contingent coupon applicable to such observation date. If the closing price of the underlying asset is less than the coupon barrier on any observation date, the contingent coupon applicable to such observation date will not be payable and UBS will not make any payment to you on the relevant coupon payment date. The contingent coupon will be a fixed amount based upon equal quarterly installments at the per annum contingent coupon rate. Contingent coupons are not guaranteed and UBS will not pay you the contingent coupon for any observation date on which the closing price of the underlying asset is less than the coupon barrier. The table below reflects the contingent coupon rate of 7.96% per annum. Amounts in the table below may have been rounded for ease of analysis.

Observation Date*	Contingent Coupon (per security)
28-May-2019	$0.1990

28-Aug-2019	$0.1990
29-Nov-2019	$0.1990
28-Feb-2020	$0.1990
28-May-2020	$0.1990
28-Aug-2020	$0.1990

	*Observation dates are subject to the market disruption event provisions set forth in the accompanying product supplement.
Contingent Coupon Rate	7.96% per annum (or approximately 1.990% per outstanding quarter).
Automatic Call Feature	The Securities will be called automatically if the closing price of the underlying asset on any observation date is equal to or greater than the initial price. If the Securities are called on any observation date, UBS will pay you on the corresponding coupon payment date a cash payment per Security equal to your principal amount plus the contingent coupon otherwise due on such date pursuant to the contingent coupon feature. No further amounts will be owed to you under the Securities.
Payment at Maturity (per Security)	If the Securities are not called and the final price is equal to or greater than the trigger price and coupon barrier, UBS will pay you a cash payment per Security on the maturity date equal to your principal plus the contingent coupon otherwise due on the maturity date. If the Securities are not called and the final price is less than the trigger price, UBS will pay you a cash payment on the maturity date of significantly less than the principal amount, if anything, resulting in a loss of principal that is proportionate to the decline of the underlying asset, for an amount equal to $10 + ($10 x underlying return).
Underlying Return	$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$
Closing Price	On any trading day, the last reported sale price (or, in the case of NASDAQ, the official closing price) of the underlying asset during the principal trading session on the principal national securities exchange on which it is listed for trading, as determined by the calculation agent.
Initial Price	$43.00, which is the closing price of the underlying asset on the trade date, as determined by the calculation agent and as may be adjusted in the case of certain corporate events, as described in the accompanying product supplement.
Trigger Price/Coupon Barrier	$27.95, which is 65.00% of the initial price of the underlying asset, as determined by the calculation agent and as may be adjusted in the case of certain corporate events, as described in the accompanying product supplement.
Final Price	The closing price of the underlying asset on the final valuation date, as determined by the calculation agent and subject to adjustments in the case of certain corporate events, as described in the accompanying product supplement.
Trade Date	February 28, 2019

Settlement Date	March 4, 2019
Final Valuation Date	August 28, 2020 (subject to postponement in the event of a market disruption event, as described in the accompanying product supplement)
Maturity Date	September 2, 2020 (subject to postponement in the event of a market disruption event, as described in the accompanying product supplement)
Coupon Payment Dates	Three business days following each observation date, except the coupon payment date for the final valuation date will be the maturity date.
CUSIP	90286T136
ISIN	US90286T1363
Valoren	46655417

The estimated initial value of the Securities as of the trade date is $9.59 for Securities linked to the underlying asset. The estimated initial value of the Securities was determined as of the close of the relevant markets on the date of this final terms supplement by reference to UBS' internal pricing models, inclusive of the internal funding rate. For more information about secondary market offers and the estimated initial value of the Securities, see "Key Risks - Fair value considerations" and "Key Risks - Limited or no secondary market and secondary market price considerations" in this final terms supplement.

Notice to investors: the Securities are significantly riskier than conventional debt instruments. The issuer is not necessarily obligated to repay the full principal amount of the Securities at maturity, and the Securities may have the same downside market risk as the underlying asset. This market risk is in addition to the credit risk inherent in purchasing a debt obligation of UBS. You should not purchase the Securities if you do not understand or are not comfortable with the significant risks involved in investing in the Securities.

You should carefully consider the risks described under "Key Risks" in this final terms supplement, under "Key Risks" beginning on page 3 of the prospectus supplement and under ''Risk Factors'' beginning on page PS-9 of the accompanying product supplement before purchasing any Securities. Events relating to any of those risks, or other risks and uncertainties, could adversely affect the market value of, and the return on, your Securities. You may lose a significant portion or all of your initial investment in the Securities. The Securities will not be listed or displayed on any securities exchange or any electronic communications network.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these Securities or passed upon the adequacy or accuracy of this final terms supplement, the previously delivered prospectus supplement, the accompanying product supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Securities are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

See "Additional Information about UBS and the Securities" in this final terms supplement. The Securities we are offering will have the terms set forth in the Prospectus Supplement dated November 1, 2018 relating to the Securities, the accompanying product supplement, the accompanying prospectus and this final terms supplement.

Offering of Securities	**Issue Price to Public**		**Underwriting Discount**		**Proceeds to UBS AG**	
	Total	**Per Security**	**Total**	**Per Security**	**Total**	**Per Security**

Securities linked to the shares of iShares® MSCI Brazil ETF	$100,000.00	$10.00	$1,500.00	$0.15	$98,500.00	$9.85

UBS Financial Services Inc. **UBS Investment Bank**

Final Terms Supplement dated February 28, 2019

Additional Information About UBS and the Securities

UBS has filed a registration statement (including a prospectus, as supplemented by a product supplement and a prospectus supplement for the Securities) with the Securities and Exchange Commission, or SEC, for the offering for which this final terms supplement relates. Before you invest, you should read these documents and any other documents relating to the Securities that UBS has filed with the SEC for more complete information about UBS and this offering. You may obtain these documents for free from the SEC website at www.sec.gov. Our Central Index Key, or CIK, on the SEC website is 0001114446.

You may access these documents on the SEC website at www.sec.gov as follows:

- Prospectus supplement dated November 1, 2018:
  http://www.sec.gov/Archives/edgar/data/1114446/000091412118002132/ub46175276-424b2.htm
- Market-Linked Securities product supplement dated October 31, 2018:
  http://www.sec.gov/Archives/edgar/data/1114446/000091412118002085/ub47016353-424b2.htm
- Prospectus dated October 31, 2018:
  http://www.sec.gov/Archives/edgar/data/1114446/000119312518314003/d612032d424b3.htm

References to “UBS,” “we,” “our” and “us” refer only to UBS AG and not to its consolidated subsidiaries. In this document, “Trigger Phoenix Autocallable Optimization Securities” or the “Securities” refer to the Securities that are offered hereby. Also, references to the “prospectus supplement” mean the UBS prospectus supplement, dated November 1, 2018, references to "Market-Linked Securities product supplement" mean the UBS product supplement, dated October 31, 2018, relating to the Securities generally, and references to the “accompanying prospectus” mean the UBS prospectus titled "Debt Securities and Warrants", dated October 31, 2018.

This final terms supplement, together with the documents listed above, contains the terms of the Securities and supersedes all other prior or contemporaneous oral statements as well as any other written materials including pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Key Risks” and in “Risk Factors” in the accompanying product supplement, as the Securities involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before deciding to invest in the Securities.

UBS reserves the right to change the terms of, or reject any offer to purchase, the Securities prior to their issuance. In the event of any changes to the terms of the Securities, UBS will notify you and you will be asked to accept such changes in connection with your purchase. You may also choose to reject such changes in which case UBS may reject your offer to purchase.

Key Risks

An investment in the Securities involves significant risks. Some of the risks that apply to the Securities are summarized here and are comparable to the corresponding risks discussed in the "Key Risks" section of the prospectus supplement, but we urge you to read the more detailed explanation of risks relating to the Securities generally in ‘‘Risk Factors’’ section of the accompanying product supplement. We also urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Securities.

- **Risk of loss at maturity -** The Securities differ from ordinary debt securities in that UBS will not necessarily pay the full principal amount of the Securities at maturity. If the Securities are not called, UBS will repay you the principal amount of your Securities in cash only if the final price of the underlying asset is equal to or greater than the trigger price and will only make such payment at maturity. If the Securities are not called and the final price is less than the trigger price, you will be fully exposed to the negative underlying return and lose a significant portion or all of your initial investment in an amount proportionate to the decline in the price of the underlying asset.
- **The contingent repayment of your principal applies only at maturity -** You should be willing to hold your Securities to maturity. If you are able to sell your Securities prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the then-current underlying asset price is equal to or greater than the trigger price at that time.
- **You may not receive any contingent coupons -** UBS will not necessarily pay periodic contingent coupons on the Securities. If the closing price of the underlying asset on an observation date is less than the coupon barrier, UBS will not pay you the contingent coupon applicable to such observation date. If the closing price of the underlying asset is less than the coupon barrier on each of the observation dates, UBS will not pay you any contingent coupons during the term of, and you will not receive a positive return on, your Securities. Generally, this non-payment of the contingent coupon coincides with a period of greater risk of principal loss on your Securities.
- **Your potential return on the Securities is limited and you will not participate in any appreciation of the underlying asset** - The return potential of the Securities is limited to the contingent coupon rate, regardless of the appreciation of the underlying asset. In addition, the total return on the Securities will vary based on the number of observation dates on which the requirements of the contingent coupon have been met prior to maturity or an automatic call. Further, if the Securities are called due to the automatic call feature, you will not receive any contingent coupons or any other payment in respect of any observation dates after the applicable call settlement date. Since the Securities could be called as early as the first observation date, the total return on the Securities could be minimal. If the Securities are not called, you

will not participate in any appreciation in the price of the underlying asset even though you will be subject to the underlying asset’s risk of decline. As a result, the return on an investment in the Securities could be less than the return on a direct investment in the underlying asset.

- **Higher contingent coupon rates are generally associated with a greater risk of loss -** Greater expected volatility with respect to the underlying asset reflects a higher expectation as of the trade date that the price of such underlying asset could close below its trigger price on the final valuation date of the Securities. This greater expected risk will generally be reflected in a higher contingent coupon rate for that Security. However, an underlying asset’s volatility can change significantly over the term of the Securities and the price of the underlying asset for your Securities could fall sharply, which could result in a significant loss of principal.
- **Reinvestment risk -** The Securities will be called automatically if the closing price of the underlying asset is equal to or greater than the initial price on any observation date. In the event that the Securities are called prior to maturity, there is no guarantee that you will be able to reinvest the proceeds from an investment in the Securities at a comparable rate of return for a similar level of risk. To the extent you are able to reinvest such proceeds in an investment comparable to the Securities, you will incur transaction costs and the original issue price for such an investment is likely to include certain built-in costs such as dealer discounts and hedging costs.
- **Greater expected volatility generally indicates an increased risk of loss at maturity -** ”Volatility” refers to the frequency and magnitude of changes in the price of the underlying asset. The greater the expected volatility of the underlying asset as of the trade date, the greater the expectation is as of the trade date that the closing price of the underlying asset could be less than the coupon barrier on any observation date and that the final price of the underlying asset could be less than the trigger price on the final valuation date and, as a consequence, indicates an increased risk of loss. However, the underlying asset’s volatility can change significantly over the term of the Securities, and a relatively lower coupon barrier and/or trigger price may not necessarily indicate that the Securities have a greater likelihood of a return of principal at maturity. You should be willing to accept the downside market risk of the underlying asset and the potential to lose a significant portion or all of your initial investment.
- **Credit risk of UBS -** The Securities are unsubordinated, unsecured debt obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Securities, including any repayment of principal, depends on the ability of UBS to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of UBS may affect the market value of the Securities and, in the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the Securities and you could lose your entire investment.
- **Market risk** - The price of the underlying asset can rise or fall sharply due to factors specific to that underlying asset and (i) in the case of common stock or American depositary receipts, its issuer (the "underlying asset issuer") or (ii) in the case of an exchange traded fund, the securities, futures contracts or physical commodities constituting the assets of that underlying asset. These factors include price volatility, earnings, financial conditions, corporate, industry and

regulatory developments, management changes and decisions and other events, as well as general market factors, such as general market volatility and levels, interest rates and economic and political conditions. You, as an investor in the Securities, should make your own investigation into the underlying asset issuer and the underlying asset for your Securities. **We urge you to review financial and other information filed periodically by the underlying asset issuer with the SEC.**

- **Fair value considerations.**

- **The issue price you pay for the Securities exceeds their estimated initial value** - The issue price you pay for the Securities exceeds their estimated initial value as of the trade date due to the inclusion in the issue price of the underwriting discount, hedging costs, issuance costs and projected profits. As of the close of the relevant markets on the trade date, we determined the estimated initial value of the Securities by reference to our internal pricing models and it is set forth in this final terms supplement. The pricing models used to determine the estimated initial value of the Securities incorporate certain variables, including the price, volatility and expected dividends on the underlying asset, prevailing interest rates, the term of the Securities and our internal funding rate. Our internal funding rate is typically lower than the rate we would pay to issue conventional fixed or floating rate debt securities of a similar term. The underwriting discount, hedging costs, issuance costs, projected profits and the difference in rates will reduce the economic value of the Securities to you. Due to these factors, the estimated initial value of the Securities as of the trade date is less than the issue price you pay for the Securities.

- **The estimated initial value is a theoretical price; the actual price that you may be able to sell your Securities in any secondary market (if any) at any time after the trade date may differ from the estimated initial value** - The value of your Securities at any time will vary based on many factors, including the factors described above and in "- Market risk" above and is impossible to predict. Furthermore, the pricing models that we use are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect. As a result, after the trade date, if you attempt to sell the Securities in the secondary market, the actual value you would receive may differ, perhaps materially, from the estimated initial value of the Securities determined by reference to our internal pricing models. The estimated initial value of the Securities does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Securities in any secondary market at any time.

- **Our actual profits may be greater or less than the differential between the estimated initial value and the issue price of the Securities as of the trade date** - We may determine the economic terms of the Securities, as well as hedge our obligations, at least in part, prior to pricing the Securities on the trade date. In addition, there may be ongoing costs to us to maintain and/or adjust any hedges and such hedges are often imperfect. Therefore, our actual profits (or potentially, losses) in issuing the Securities cannot be determined as of the trade date and any such differential between the estimated initial value and the issue price of the Securities as of the trade date does not reflect our actual profits. Ultimately, our actual profits will be known only at the maturity of the Securities.

- **Limited or no secondary market and secondary market price considerations.**

- **There may be little or no secondary market for the Securities** - The Securities will not be listed or displayed on any securities exchange or any electronic communications network. There can be no assurance that a secondary market for the Securities will develop. UBS Securities LLC and its affiliates may make a market in each offering of the Securities, although they are not required to do so and may stop making a market at any time. If you are able to sell your Securities prior to maturity, you may have to sell them at a substantial loss. The estimated initial value of the Securities does not represent a minimum or maximum price at which we or any of our affiliates would be willing to purchase your Securities in any secondary market at any time.

- **The price at which UBS Securities LLC and its affiliates may offer to buy the Securities in the secondary market (if any) may be greater than UBS' valuation of the Securities at that time, greater than any other secondary market prices provided by unaffiliated dealers (if any) and, depending on your broker, greater than the valuation provided on your customer account statements** - For a limited period of time following the issuance of the Securities, UBS Securities LLC or its affiliates may offer to buy or sell such Securities at a price that exceeds (i) our valuation of the Securities at that time based on our internal pricing models, (ii) any secondary market prices provided by unaffiliated dealers (if any) and (iii) depending on your broker, the valuation provided on customer account statements. The price that UBS Securities LLC may initially offer to buy such Securities following issuance will exceed the valuations indicated by our internal pricing models due to the inclusion for a limited period of time of the aggregate value of the underwriting discount, hedging costs, issuance costs and theoretical projected trading profit. The portion of such amounts included in our price will decline to zero on a straight line basis over a period ending no later than the date specified under "Supplemental Plan of Distribution (Conflicts of Interest); Secondary Markets (if any)." Thereafter, if UBS Securities LLC or an affiliate makes secondary markets for the Securities, it will do so at prices that reflect our estimated value determined by reference to our internal pricing models at that time. The temporary positive differential relative to our internal pricing models arises from requests from and arrangements made by UBS Securities LLC with the selling agents of structured debt securities such as the Securities. As described above, UBS Securities LLC and its affiliates are not required to make a market for the Securities and may stop making a market at any time. The price at which UBS Securities LLC or an affiliate may make secondary markets at any time (if at all) will also reflect its then current bid-ask spread for similar sized trades of structured debt securities. UBS Financial Services Inc. and UBS Securities LLC reflect this temporary positive differential on their customer statements. Investors should inquire as to the valuation provided on customer account statements provided by unaffiliated dealers.
- **Price of Securities prior to maturity** - The market price of the Securities will be influenced by many unpredictable and interrelated factors, including the price of the underlying asset; the volatility of the underlying asset; the dividend rate paid on the underlying asset; the time remaining to the maturity of the Securities; interest rates in the markets; geopolitical conditions and economic, financial, political, force majeure and regulatory or judicial events; the creditworthiness of UBS and the then current bid-ask spread for the Securities.
- **Impact of fees and the use of internal funding rates rather than secondary market credit spreads on secondary market prices** - All other things being equal, the use of the internal funding rates described above under "- Fair value considerations" as well as the inclusion in the issue price of the underwriting discount, hedging costs, issuance costs and any projected profits are, subject to the temporary mitigating effect of UBS Securities LLC's and its affiliates'

market making premium, expected to reduce the price at which you may be able to sell the Securities in any secondary market.

- **Owning the Securities is not the same as owning the underlying asset -** The return on your Securities may not reflect the return you would realize if you actually owned the underlying asset. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on the underlying asset over the term of your Securities. Furthermore, the underlying asset may appreciate substantially during the term of your Securities and you will not participate in such appreciation.
- **No assurance that the investment view implicit in the Securities will be successful -** It is impossible to predict whether and the extent to which the price of the underlying asset will rise or fall. The price of the underlying asset will be influenced by complex and interrelated political, economic, financial and other factors that affect the underlying asset issuer. You should be willing to accept the risks of owning equities in general and the underlying asset in particular, and the risk of losing a significant portion or all of your initial investment.
- **There is no affiliation between the underlying asset issuer, or for Securities linked to exchange traded funds, the issuers of the constituent stocks comprising the underlying asset (the "underlying asset constituent stock issuers"), and UBS, and UBS is not responsible for any disclosure by such issuer(s)** - We and our affiliates may currently, or from time to time in the future engage in business with the underlying asset issuer or, if applicable, any underlying asset constituent stock issuers. However, we are not affiliated with the underlying asset issuer or any underlying asset constituent stock issuers and are not responsible for such issuer’s public disclosure of information, whether contained in SEC filings or otherwise. You, as an investor in the Securities, should make your own investigation into the underlying asset issuer or, if applicable, each underlying asset constituent stock issuer. Neither the underlying asset issuer nor any underlying asset constituent stock issuer is involved in the Securities offered hereby in any way and has no obligation of any sort with respect to your Securities. Such issuer(s) have no obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of, and any amounts payable on, your Securities.
- **The calculation agent can make adjustments that affect the payment to you at maturity-** For certain corporate events affecting the underlying asset, the calculation agent may make adjustments to the initial price, the coupon barrier, the trigger price and/or the final price of the underlying asset. However, the calculation agent will not make an adjustment in response to all events that could affect the underlying asset. If an event occurs that does not require the calculation agent to make an adjustment, the value of the Securities may be materially and adversely affected. In addition, all determinations and calculations concerning any such adjustments will be made by the calculation agent. You should be aware that the calculation agent may make any such adjustment, determination or calculation in a manner that differs from that discussed in the accompanying product supplement as necessary to achieve an equitable result. In the case of common stock or American depositary receipts, following certain corporate events relating to the issuer of the underlying asset where the issuer is not the surviving entity, the amount of cash you receive at maturity may be based on the common stock or American depositary receipts of a successor to the underlying asset issuer in combination with any cash or any other assets distributed to holders of the underlying asset in such corporate event. Additionally, if the issuer of the underlying asset becomes subject to (i) a reorganization event whereby the underlying asset is exchanged solely for cash, (ii) a merger or consolidation with UBS or any of its affiliates or (iii) an underlying asset is delisted or otherwise suspended from trading, the amount you receive at maturity may be based on the common stock or American depositary receipts issued by another company. In the case of an exchange traded fund, following a suspension from trading or if an exchange traded fund is discontinued, the amount you receive at maturity may be based on a share of another exchange traded fund. The occurrence of these corporate events and the consequent adjustments may materially and adversely affect the value of the Securities. For more information, see the sections "General Terms of the Securities -- Antidilution Adjustments for Securities Linked to an Underlying Asset or Equity Basket Asset" and " --Reorganization Events for Securities Linked to an Underlying Asset or Equity Basket Asset" in the accompanying product supplement. Regardless of the occurrence of one or more dilution or reorganization events, you should note that at maturity UBS will pay you an amount in cash equal to your principal amount, unless the final price of the underlying asset is below the trigger price (as such trigger price may be adjusted by the calculation agent upon occurrence of one or

more such events). Regardless of any of the events discussed above, any payment on the Securities is subject to the creditworthiness of UBS.

- **The value of the underlying equity may not completely track the value of the securities in which such exchange traded fund invests** — The underlying equity may be an exchange traded fund, and although the trading characteristics and valuations of such underlying equity will usually mirror the characteristics and valuations of the securities in which such exchange traded fund invests, its value may not completely track the value of such securities. The value of the underlying equity will reflect transaction costs and fees that the securities in which that exchange traded fund invests do not have. In addition, although the underlying equity may be currently listed for trading on an exchange, there is no assurance that an active trading market will continue for such underlying equity or that there will be liquidity in the trading market.
- **Fluctuation of NAV** — The net asset value (the "NAV") of an exchange traded fund may fluctuate with changes in the market value of such exchange traded fund's securities holdings. The market prices of the underlying equity may fluctuate in accordance with changes in NAV and supply and demand on the applicable stock exchanges. In addition, the market price of the underlying equity may differ from its NAV per share; the underlying equity may trade at, above or below its NAV per share.
- **Failure of the underlying equity to track the level of the underlying index** — The underlying equity may be an exchange traded fund. Such underlying equity may be designed and intended to track the level of a specific index (an "underlying index"), but various factors, including fees and other transaction costs, may prevent the underlying equity from correlating exactly with changes in the level of such underlying index. Accordingly, the performance of the underlying equity may not be equal to the performance of its underlying index.
- **Potential UBS impact on the market price of the underlying asset** - Trading or transactions by UBS or its affiliates in the underlying asset and/or over-the-counter options, futures or other instruments with returns linked to the performance of the underlying asset may adversely affect the market price of the underlying asset and, therefore, the market value of, and any amounts payable on, your Securities.
- **Potential conflict of interest -** UBS and its affiliates may engage in business with the issuer of the underlying asset, which may present a conflict between the obligations of UBS and you, as a holder of the Securities. There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS. The calculation agent will determine whether the final price is below the trigger price and accordingly the payment at maturity on your Securities. The calculation agent may also postpone the determination of the final price and the maturity date if a market disruption event occurs and is continuing on the final valuation date and may make adjustments to the initial price, the trigger price, the coupon barrier, the final price and/or the underlying asset itself for certain corporate events affecting the underlying asset. For more information, see the sections "General Terms of the Securities -- Antidilution Adjustments for Securities Linked to an Underlying Asset or Equity Basket Asset" and " --Reorganization Events for Securities Linked to an Underlying Asset or Equity Basket Asset" in the accompanying product supplement. As UBS determines the economic terms of the Securities, including the contingent coupon rate, trigger price and coupon barrier, and such terms include the underwriting discount, hedging costs, issuance costs and projected profits, the Securities represent a package of economic terms. There are other potential conflicts of interest insofar as an investor could potentially get better economic terms if that investor entered into exchange-traded and/or OTC derivatives or other instruments with third parties, assuming that such instruments were available and the investor had the ability to assemble and enter into such instruments.
- **Potentially inconsistent research, opinions or recommendations by UBS -** UBS and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the Securities, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. Any research, opinions or recommendations expressed by UBS or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the Securities and the underlying asset to which the Securities are linked.
- **The Securities are not bank deposits -** An investment in the Securities carries risks which are very different from the risk profile of a bank deposit placed with UBS or its affiliates. The Securities have different yield and/or return, liquidity and risk profiles and would not benefit from any protection provided to deposits.
- **If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings in respect of, and/or impose protective measures in relation to, UBS, which proceedings or**

measures may have a material adverse effect on the terms and market value of the Securities and/or the ability of UBS to make payments thereunder - The Swiss Financial Market Supervisory Authority ("FINMA") has broad statutory powers to take measures and actions in relation to UBS if (i) it concludes that there is justified concern that UBS is over-indebted or has serious liquidity problems or (ii) UBS fails to fulfil the applicable capital adequacy requirements (whether on a standalone or consolidated basis) after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorized to open restructuring proceedings or liquidation (bankruptcy) proceedings in respect of, and/or impose protective measures in relation to, UBS. The Swiss Banking Act grants significant discretion to FINMA in connection with the aforementioned proceedings and measures. In particular, a broad variety of protective measures may be imposed by FINMA, including a bank moratorium or a maturity postponement, which measures may be ordered by FINMA either on a stand-alone basis or in connection with restructuring or liquidation proceedings. The resolution regime of the Swiss Banking Act is further detailed in the FINMA Banking Insolvency Ordinance ("BIO-FINMA"). In a restructuring proceeding, FINMA, as resolution authority, is competent to approve the resolution plan. The resolution plan may, among other things, provide for (a) the transfer of all or a portion of UBS's assets, debts, other liabilities and contracts (which may or may not include the contractual relationship between UBS and the holders of Securities) to another entity, (b) a stay (for a maximum of two business days) on the termination of contracts to which UBS is a party, and/or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of collateral or (z) rights to transfer claims, liabilities or collateral under contracts to which UBS is a party, (c) the conversion of UBS's debt and/or other obligations, including its obligations under the Securities, into equity (a "debt-to-equity" swap), and/or (d) the partial or full write-off of obligations owed by UBS (a "write-off"), including its obligations under the Securities. The BIO-FINMA provides that a debt-to-equity swap and/or a write-off of debt and other obligations (including the Securities) may only take place after (i) all debt instruments issued by UBS qualifying as additional tier 1 capital or tier 2 capital have been converted into equity or written-off, as applicable, and (ii) the existing equity of UBS has been fully cancelled. While the BIO-FINMA does not expressly address the order in which a write-off of debt instruments other than debt instruments qualifying as additional tier 1 capital or tier 2 capital should occur, it states that debt-to-equity swaps should occur in the following order: first, all subordinated claims not qualifying as regulatory capital; second, all other claims not excluded by law from a debt-to-equity swap (other than deposits); and third, deposits (in excess of the amount privileged by law). However, given the broad discretion granted to FINMA as the resolution authority, any restructuring plan in respect of UBS could provide that the claims under or in connection with the Securities will be partially or fully converted into equity or written-off, while preserving other obligations of UBS that rank pari passu with, or even junior to, UBS's obligations under the Securities. Consequently, holders of Securities may lose all of some of their investment in the Securities. In the case of restructuring proceedings with respect to a systemically important Swiss bank (such as UBS), the creditors whose claims are affected by the restructuring plan will not have a right to vote on, reject, or seek the suspension of the restructuring plan. In addition, if a restructuring plan has been approved by FINMA, the rights of a creditor to seek judicial review of the restructuring plan (e.g., on the grounds that the plan would unduly prejudice the rights of holders of Securities or otherwise be in violation of the Swiss Banking Act) are very limited. In particular, a court may not suspend the implementation of the restructuring plan. Furthermore, even if a creditor successfully challenges the restructuring plan, the court can only require the relevant creditor to be compensated ex post and there is currently no guidance as to on what basis such compensation would be calculated or how it would be funded.

- **Dealer incentives -** UBS and its affiliates act in various capacities with respect to the Securities. We and our affiliates may act as a principal, agent or dealer in connection with the sale of the Securities. Such affiliates, including the sales representatives, will derive compensation from the distribution of the Securities and such compensation may serve as an incentive to sell these Securities instead of other investments. We will pay total underwriting compensation of 1.50% per Security to any of our affiliates acting as agents or dealers in connection with the distribution of the Securities. Given that UBS Securities LLC and its affiliates temporarily maintain a market making premium, it may have the effect of discouraging UBS Securities LLC and its affiliates from recommending sale of your Securities in the secondary market.
- **Uncertain tax treatment -** Significant aspects of the tax treatment of the Securities are uncertain. You should read carefully the sections entitled "What are the Tax Consequences of the Securities" herein and in the prospectus supplement and "Material U.S. Federal Income Tax Consequences" in the accompanying product supplement, and

consult your tax advisor about your tax situation.

- **The Securities are subject to currency exchange rate risk** - The iShares® MSCI Brazil Capped ETF (the "EWZ Fund") invests in securities that are traded and quoted in non-U.S. currencies on non-U.S. markets. Therefore, holders of the Securities will be exposed to currency exchange rate risk with respect to the currencies in which such securities trade. The values of the currencies of the countries in which the EWZ Fund may invest may be subject to a high degree of fluctuation due to changes in interest rates, the effects of monetary policies issued by the United States, the Brazilian governments, central banks or supranational entities, the imposition of currency controls or other national or global political or economic developments. An investor's net exposure will depend on the extent to which the relevant non-U.S. currencies strengthen or weaken against the U.S. dollar and the relative weight of each non-U.S. security in the portfolio of EWZ Fund. If, taking into account such weighting, the U.S. dollar strengthens against the relevant non-U.S. currencies, the value of securities in which the EWZ Fund invests will be adversely affected and the value of the Securities may decrease.
- **The Securities are subject to emerging markets risk** - The Securities are linked to shares of the EWZ Fund and are subject to emerging markets risk. Investments in securities linked directly or indirectly to emerging market equity securities involve many risks, including, but not limited to: economic, social, political, financial and military conditions in the emerging market; regulation by national, provincial, and local governments; less liquidity and smaller market capitalizations than exist in the case of many large U.S. companies; different accounting and disclosure standards; and political uncertainties. Securities of emerging market companies may be more volatile and may be affected by market developments differently than U.S. companies. Government interventions to stabilize securities markets and cross-shareholdings may affect prices and volume of trading of the securities of emerging market companies. Economic, social, political, financial and military factors could, in turn, negatively affect such companies' value. These factors could include changes in the emerging market government's economic and fiscal policies, possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to the emerging market companies or investments in their securities, and the possibility of fluctuations in the rate of exchange between currencies. Moreover, emerging market economies may differ favorably or unfavorably from the U.S. economy in a variety of ways, including growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency. You should carefully consider the risks related to emerging markets, to which the Securities are susceptible, before making a decision to invest in the Securities.
- **The Securities are subject to non-U.S. securities market risk** - The Securities are linked to shares of the EWZ Fund and are subject to risks associated with non-U.S. securities markets. An investment in securities linked directly or indirectly to the value of securities issued by non-U.S. companies involves particular risks. Generally, non-U.S. securities markets may be more volatile than U.S. securities markets, and market developments may affect non-U.S. markets differently from U.S. securities markets. Direct or indirect government intervention to stabilize these non-U.S. markets, as well as cross shareholdings in non-U.S. companies, may affect trading prices and volumes in those markets. There is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. Securities prices in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities markets, include the possibility of recent or future changes in the non-U.S. government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. equity securities and the possibility of fluctuations in the rate of exchange between currencies. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

Information about the Underlying Asset

All disclosures regarding the underlying asset are derived from publicly available information. UBS has not conducted any independent review or due diligence of any publicly available information with respect to the underlying asset. **You should make your own investigation into the underlying asset.**

The underlying asset will be registered under the Securities Act of 1933, the Securities Exchange Act of 1934 (as amended, the "Exchange Act") and/or the Investment Company Act of 1940, each as amended. Companies with securities registered with the SEC are required to file financial and other information specified by the SEC periodically. Information filed by the underlying asset issuer with the SEC can be reviewed electronically through a website maintained by the SEC. The address of the SEC's website is http://www.sec.gov. Information filed with the SEC by the underlying asset issuer can be located by reference to its SEC file number provided below. In addition, information filed with the SEC can be inspected and copied at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Section, at prescribed rates.

iShares® MSCI Brazil ETF

"We have derived all information contained herein regarding the iShares® MSCI Brazil ETF (the "EWZ Fund") from publicly available information. Such information reflects the policies of, and is subject to change by BlackRock Fund Advisors ("BFA"), the investment advisor of the EWZ Fund. UBS has not undertaken an independent review or due diligence of any publicly available information regarding the EWZ Fund.

The EWZ Fund is one of the separate investment portfolios that constitute the iShares Trust. The EWZ Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI Brazil 25/50 Index (The "Index"). The EWZ Fund will at all times invest at least 80% of its assets in the securities of the Index and depositary receipts representing the securities of the Index, and will generally invest at least 95% of its assets in such securities and depositary receipts. The EWZ Fund may invest the remainder of its assets in other securities, including securities not in the Index, but which BFA believes will help the EWZ Fund track the Index, and in other investments, including futures contracts, options on futures contracts, other types of options and swaps related to its Index, as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates.

BFA uses a representative sampling strategy to manage the EWZ Fund. Representative sampling is an indexing strategy that involves investing in a representative sample of the securities included in the Index that collectively has an investment profile similar to the Index. The securities selected are expected to have, in the aggregate, investment characteristics (based on market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the Index. The EWZ Fund may or may not hold all of the securities that are included in the Index.

The Index was developed by MSCI Inc. ("MSCI") and is calculated, maintained and published by, MSCI Inc. MSCI is under no obligation to continue to publish, and may discontinue or suspend the publication of the Index at any time. The Index has been developed by MSCI as an equity benchmark for Brazilian stock performance, and is designed to measure equity market performance in the Brazilian market.

As of September 30, 2017, total fund operating expenses of the EWZ Fund are expected to accrue at an annual rate of 0.63% of the EWZ Fund's average daily net asset value. Expenses of the EWZ Fund reduce the net value of the assets held by the EWZ Fund and, therefore, reduce the value of the shares of the EWZ Fund.

As of September 30, 2017, the EWZ Fund held stocks of Brazil companies in the following sectors: Financials (37.40%), Consumer Staples (15.47%), Materials (13.09%), Energy (7.53%), Consumer Discretionary (6.39%), Utilities (5.98%), Industrials (5.81%), Telecommunication Services (2.80%), Information Technology (2.29%), Real Estate (1.69%) and Health Care (1.17%).

In making your investment decision you should review the prospectus related to the EWZ Fund, dated December 29, 2017, filed by iShares, Inc. (the "EWZ Fund Prospectus") available at:

https://www.sec.gov/Archives/edgar/data/930667/000119312517378797/d504124d485bpos.htm

In addition, the EWZ Fund Prospectus is available on the EWZ Fund's website as indicated below. In making your investment decision you should pay particular attention to the sections of the EWZ Fund Prospectus entitled "A Further Discussion of Principal Risks" and "A Further Discussion of Other Risks." UBS has not undertaken an independent review or due diligence of any publicly available information regarding the EWZ Fund Prospectus, and such information is not incorporated by reference in, and should not be considered part of, this document or any accompanying prospectus.

The EWZ Fund's website is ishares.com/us/products/239612/ishares-msci-brazil-capped-etf. Shares of the EWZ Fund are listed on the NYSE Arca under ticker symbol "EWZ."

Information filed by iShares, Inc. with the SEC can be found by reference to its SEC file numbers: 033-97598 and 811-09102 or its CIK Code: 0000930667.

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Information from outside sources is not incorporated by reference in, and should not be considered part of, this final terms supplement or any accompanying prospectus. UBS has not conducted any independent review or due diligence of any publicly available information with respect to the underlying asset.

Historical Information

The following table sets forth the quarterly high and low closing prices for EWZ Fund's shares, based on daily closing prices on the primary exchange for EWZ Fund. We obtained the closing prices below from Bloomberg Professional service ("Bloomberg"), without independent verification. UBS has not undertaken an independent review or due diligence of any publicly available information obtained from Bloomberg. EWZ Fund's closing price on February 28, 2019 was $43.00. **Past performance of the underlying asset is not indicative of the future performance of the underlying asset.**

Quarter Begin	Quarter End	Quarterly High	Quarterly Low	Quarterly Close
04/01/2014	06/30/2014	$49.98	$45.15	$47.78
07/01/2014	09/30/2014	$54.00	$43.45	$43.45
10/01/2014	12/31/2014	$47.32	$33.82	$36.57
01/02/2015	03/31/2015	$37.91	$29.31	$31.37

04/01/2015	06/30/2015	$37.19	$32.24	$32.77
07/01/2015	09/30/2015	$32.98	$20.64	$21.95
10/01/2015	12/31/2015	$25.50	$20.68	$20.68
01/04/2016	03/31/2016	$26.93	$17.33	$26.30
04/01/2016	06/30/2016	$30.13	$24.96	$30.13
07/01/2016	09/30/2016	$35.10		

Listed below are the minimum qualifications that the Nominating and Governance Committee believes must be met by all board nominees:

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders. They must also have an inquisitive and objective perspective, practical wisdom, and mature judgment. We endeavor to have a board representing diverse experience at policy-making levels in business, health care, and technology, and in areas that are relevant to our global activities;

Directors must have, and be willing to devote, sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the board for an extended period of time. Directors should not serve on more than four other boards of public companies in addition to the Natus Board; and

Director nominees must have demonstrated a history of good business judgment, and possess financial and governance literacy. They must have the experience and the value-adding temperament to be good outside directors of a public company.

The following are specific qualities or skills that the Nominating and Governance Committee believes are necessary for one or more of the Company s directors to possess:

Experience with a publicly traded company, including experience as a proactive, diligent outside director is desirable;

Proven ability to understand the dynamic between management and Board members, and to effectively manage that dynamic for the benefit of the Company is important;

Experience with Wall Street, transactions, and managing operations is helpful; and

Some understanding of the medical device market is also helpful. Members of the Nominating and Governance Committee will use their professional contacts to identify nominees. If necessary, outside recruiters will also be used. The Chairman of the Nominating and Governance Committee will collect and organize the data on potential nominees, and with the help of the Secretary of the Company will undertake initial due diligence evaluation into nominee qualifications and background. Members of the Nominating and Governance Committee, as well as the Chairman of the Board of Directors and all Board members, will interview those candidates that are nominated by the Committee. The full Board votes to approve nominees after considering the recommendation of the Nominating and Governance Committee.

Certain Relationships and Policies on Related Party Transactions

The Company has adopted and maintains a Code of Business Conduct and Ethics (the Code) that applies to all members of the Company s Board of Directors, all executive officers of the Company, and to all other persons who are employees of the Company. This Code covers matters that the Company believes are supportive of high standards of legal and ethical business conduct, including those relating to fair dealing with those with whom the Company does business, the avoidance of conflicts of interest, confidentiality, the protection of corporate assets, special obligations applicable to those involved in our financial reporting, the Company s obligation to make full, fair, accurate and timely disclosure in its filings with the Securities and Exchange Commission and in other public communications, compliance with laws, insider trading, and the reporting of violations of the Code. The Code can be found at the Company s website, www.natus.com, under Investors-Governance.

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The Code does not distinguish between potential conflict of interest transactions with executive officers or directors and those with other employees. It notes that all covered persons must avoid situations where their interests conflict, or would appear to conflict, with those of the Company. The Code notes that it is not possible to list all types of conflict situations, but provides examples of several types of scenarios that would involve a conflict of interest, including:

- Use of Company property
- Dealings with customers and suppliers
- Interests in or relationships with other companies
- Dealings with relatives
- Reporting obligations
- Loans

The Code requires that covered persons report to the Company s Chief Executive Officer any ownership interest or other relationship that might affect their ability to exercise impartial, ethical judgments. The Code does not expressly set forth the standards that would be applied in reviewing or approving transactions in which directors or executive officers of the Company have a material interest. In general, any such transactions that are so identified would be submitted for approval to the Audit Committee of the Board of Directors, which is authorized by the Charter of the Audit Committee to review related party transactions. The Company expects that in reviewing, and potentially approving, any such transactions, that the Audit Committee would be provided with all material facts relative to the proposed transaction, the nature and extent of the director s or executive officer s interest in the transaction, and the terms upon which the products, services or other subject matter of the transaction could be provided by alternative sources. The Company further expects that any such transaction would be approved only if the Audit Committee determined that it was in the interest of the Company to proceed with it. The Company expects that pre-approval would be sought for any such transaction whenever practicable, and if pre-approval is not obtained, any such transaction would be submitted for ratification as soon as practicable.

Other than the relationship described below, and in the sections entitled Director Compensation, Executive Compensation and Employment, Severance and Change of Control Agreements, since January 1, 2006, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we or any of our subsidiaries were or will be a party in which the amount involved exceeded or will exceed $60,000 and in which any director, executive officer, holder of more than 5% of our common stock, or any member of his or her immediate family had or will have a direct or indirect material interest.

During 2006 the Company paid aggregate fees of approximately $170,000 to a law firm in which Mr. Hawkins sister-in-law is a principal. The payments were for legal services provided by the firm to the Company.

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee consists of Mr. Moore, Ms. Engibous and Mr. Gunst. Mr. Moore was our Chief Executive Officer from April 1989 to May 1992. During 2006, Mr. Hawkins, our president and chief executive officer, participated in discussions and decisions of the Compensation Committee regarding salaries and incentive compensation for our executive officers, but he was excluded from discussions regarding his own salary and incentive compensation. No interlocking relationship exists between any member of our Compensation Committee and any member of any other company s board of directors or compensation committee.

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Communicating with our Board

Any stockholder of Natus or any other party interested in communicating with the Board may contact any of our directors by writing to them c/o Natus Medical Incorporated, 1501 Industrial Road, San Carlos, California 94070. Stockholders may also communicate with the Board on a confidential basis by sending an email to *BoardofDirectors@natus.com*. The Nominating and Governance Committee has approved a process for handling stockholder communications received by the Company. Under that process, the corporate Secretary may review all stockholder communications and has the authority to disregard any communications that are inappropriate or irrelevant to Natus and its operations, or to take other appropriate actions with respect to such communications.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as of April 27, 2007, concerning:

- Beneficial owners of more than 5% of Natus common stock;
- Beneficial ownership by current Natus directors and nominees, and the named executive officers set forth in the Summary Compensation Table ; and
- Beneficial ownership by all current Natus directors and executive officers as a group.

The information provided in the table is based on Natus records, information filed with the Securities and Exchange Commission and information provided to Natus, except where otherwise noted.

The number of shares beneficially owned by each entity, person, director or executive officer is determined under rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has the sole or shared voting power or investment power and also any shares that the individual has the right to acquire as of June 26, 2007 (60 days after April 27, 2007) through the exercise of any stock option or other right. The address for those individuals for which an address is not otherwise provided is c/o Natus Medical Incorporated, 1501 Industrial Road, San Carlos, California 94070. Unless otherwise indicated, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares set forth in the following table.

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SECURITY OWNERSHIP TABLE

Name and Address	Shares Owned	Right to acquire beneficial ownership under options exercisable within 60 days	Total Owned	Percent of Class
Principal Stockholders				
Nierenberg Investment Management Company, Inc. 19605 NE 8th Street Camas, WA 98607 (1)	3,858,914		3,858,914	17.9%
Directors, Nominees and Named Executive Officers				
D. Christopher Chung, M.D.	15,577	209,167	224,744	1.0%
Doris E. Engibous	1,250	47,500	48,750	*
Robert A. Gunst	3,250	42,500	45,750	*
James B. Hawkins	32,310	399,166	431,376	2.0%
Kenneth E. Ludlum	41,450	3,500	44,950	*
Mark D. Michael	6,250	47,500	53,750	*
William L. Mince	59,981	49,168	109,149	*
William M. Moore (2)	106,322	208,500	314,822	1.4%
Steven J. Murphy	21,848	125,834	147,682	*
Kenneth M. Traverso (3)	129,123	309,167	438,290	2.0%
All Directors and Executive Officers as a group (10 persons) (4)	417,261	1,442,002	1,859,263	8.6%

* Represents holdings of less than one percent.

(1) Based on information reported on Form 4 filed with the Securities and Exchange Commission on August 21, 2006. Nierenberg Investment Management Company, Inc. is the general partner of several entities that hold our common stock, including the D^3 Family Bulldog Fund L.P., the D^3 Offshore Fund L.P., and the D^3 Family Fund L.P., collectively, the D^3 Family Funds. Nierenberg Investment Management Company has sole voting and investment power with respect to all of these shares.

(2) Includes 99,892 shares held by The Moore Family Trust and 3,150 shares held by Mr. Moore s spouse.

(3) Includes 8,572 shares held by the Traverso Family Trust, 10,500 shares held in an IRA for the benefit of Mr. Traverso and 4,100 shares held in an IRA for the benefit of Mr. Traverso s spouse.

(4) Includes all shares referenced in notes 2 and 3 above.

COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers and holders of more than 10% of our common stock to file with the Securities and Exchange Commission reports regarding their ownership and changes in ownership of our securities. We believe that, during fiscal 2006, our directors, executive officers and 10% stockholders complied with all Section 16(a) filing requirements. In making this statement, we have relied upon examination of the copies of Forms 3, 4 and 5, and amendments thereto, provided to us, and the written representations of our directors, executive officers and 10% stockholders.

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COMPENSATION DISCUSSION AND ANALYSIS

General

Our executive compensation program is designed to attract, as needed, individuals with the skills necessary for us to achieve our business plan, to reward those individuals fairly over time, to retain those individuals who continue to perform at or above the levels that we expect and to closely align the compensation of those individuals with the performance of our company on both a short-term and long-term basis.

The primary objectives of our executive compensation are:

- To attract, motivate and retain a highly qualified executive management team;

- To link executive compensation to our financial performance and accomplishment of strategic objectives;

- To compensate competitively with the practices of similarly situated companies; and

- To create management incentives designed to enhance stockholder value.

We compete in an aggressive and dynamic industry and, as a result, finding, motivating and retaining quality employees, particularly senior managers, sales personnel and technical personnel are important factors to our future success. The compensation philosophy seeks to align the interests of the stockholders and management by tying compensation to our financial performance, either directly in the form of salary and bonuses paid in cash, or indirectly in the form of equity awards. The compensation structure is designed to reward our employees if they achieve financials goals and also to reward them if they are successful in increasing stockholder value.

Our executive officers compensation currently has two primary elements of compensation cash compensation, in the form of salary and annual cash bonuses, and equity awards, in the form of stock options and restricted stock grants. In addition, we provide our executive officers a variety of benefits that are available generally to all salaried employees. We set the salary component of executive officer cash compensation at a level we believe enables us to hire and retain individuals in a competitive environment and use cash bonuses to reward performance and contribution to our overall business goals. We explain below under each element how the Compensation Committee determines the amount paid or granted under such element.

In establishing compensation, we take into account the compensation that is payable by companies that we believe to be our competitors and by other companies with which we believe we generally compete for executives. To this end, our Compensation Committee works with management and outside compensation consultants to define the specific criteria used to identify appropriate market comparisons for establishing compensation levels and the mix of salary, bonuses and equity compensation, in order to best align executive compensation with the interest of our stockholders. When determining our peer companies, we focus on identifying companies with whom Natus competes directly for customers and employees. We also review the broader local market of similarly situated companies in the San Francisco Bay Area, as we find that we compete with these companies for qualified personnel. The committee, when determining peer companies, considers such additional elements as the size and complexity of the business as measured by market capitalization, revenue, net income and research and development investments. These metrics are then used to identify appropriate market reference points for gathering compensation data. We utilize salary as the base amount necessary to match our competitors for executive talent and we have utilized cash bonuses to reward performance achievements with a time horizon of one year or less. We utilize equity awards to reward long-term performance, with excellent corporate performance and extended officer tenure producing potentially significant value for the officer if value is created for all stockholders. The peer companies that we reviewed are: Abaxis; Analogic; Aspect Medical Systems; Cardiac Science; Cholestech; Digirad; Possis Medical; Rita Medical Systems; Sonosite; Thoratec; Vital Signs; and Zoll Medical.

We view the elements of compensation as related but distinct. We determine the appropriate level for each compensation element based in part, but not exclusively, on competitive benchmarking consistent with our

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recruiting and retention goals, our view of internal equity and consistency, and performance of the executive, both individually and relative to other considerations we deem relevant, such as rewarding extraordinary performance. We structure our compensation so that the base-line salary for our employees should be approximately the median of our peer companies. In 2006, our incentive plan was targeted to make cash bonus payments, (which are based on the performance of the Company as a whole) as a means to maintain overall cash compensation within the mid-range of our peer companies. For 2007, we approved a bonus plan that would provide cash bonus payments (again based on overall Company performance) that would allow total cash compensation to fall within the higher end of our peer companies if the Company significantly exceeds its financial operating plan for the year. This change for 2007 was made to better align the bonus opportunity with our pay-for-performance philosophy. We also think that, as is common in the medical device sector, equity awards are a significant compensation-related motivator in attracting and retaining employees, as well as aligning incentives with shareholder value creation. We further discuss our reasons for granting equity below. Our Compensation Committee has not adopted any formal or informal policies or guidelines for allocating compensation between long-term and immediate compensation, between cash and non-cash compensation, or among different forms of non-cash compensation.

Our Compensation Committee s current intent is to perform on a regular basis a strategic review of our executive officers overall compensation packages to determine whether they provide adequate incentives and motivation and whether they adequately compensate our executive officers relative to comparable officers in our peer group companies.

Cash Compensation Element

Natus seeks to provide cash compensation to its executive officers, including base salary and bonus, at levels that are commensurate with cash compensation of executives with comparable responsibility at similarly situated medical device companies. Annual increases in base salary are determined on an individual basis based on market data and a review of the officer s performance and contribution to various individual, departmental and corporate objectives. In 2006, the executive officers, other than the Chief Executive Officer of the Company, received salary increases ranging from 4.9% to 10.4%. Cash bonuses are intended to provide additional incentives to achieve such objectives. The Committee has the discretion to adjust such bonuses when it believes that such adjustments are necessary in light of the circumstances. Cash bonuses for the Chief Executive Officer are based on achieving strategic objectives and reaching or exceeding performance targets that are based upon the extent to which the Company achieves or exceeds pre-tax profits, as approved by the Company Board of Directors. In determining the salaries and cash bonus of each of Natus s executive officers, other than the Chief Executive Officer, we consider the recommendations of the Chief Executive Officer.

As was the case in 2005, the executive bonuses in 2006 were based on achievement of pre-tax profit targets, which corresponds to our goal of rewarding the executive team for Company-wide performance. The Company believed that it was reasonably likely that the Company would achieve the target levels of profitability for 2006. The Company exceeded such target levels of profitability and bonuses were paid in accordance with the formula provided in our 2006 bonus plan, as such pre-tax profit levels were adjusted to account for acquisition costs and FAS 123R. The Compensation Committee retains the discretion to pay bonuses that are above or below the target plan levels and to adjust the variables that constitute the targets for extra-ordinary events. Our Vice President, Marketing and Sales operated under a different incentive cash compensation structure than all other executive officers. He received quarterly commissions at specified percentages of sales, based on achieving a pre-determined threshold level of sales. We achieved such threshold and Mr. Traverso was paid his commissions in accordance with such plan. In addition, he received an annual bonus based on achievement of Company sales and earnings goals and achievement of strategic objectives.

Based on a review of public company proxy data and other relevant market data, we believe that cash compensation paid to Natus s executive officers in 2006 was generally consistent with amounts paid to officers with similar responsibilities at similarly situated medical device companies.

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At its December 14, 2006 meeting, the Compensation Committee approved annual salaries and a cash bonus plan for executive officers (other than the Vice President Marketing and Sales) of the Company based on the Company achieving its budgeted pre-tax profit for 2007. The Company believes that it is reasonably likely that the Company will achieve the target levels of profitability. The target bonus for the Chief Executive Officer is 75% of 2007 base salary and the target bonus for the other executive officers is 35% of their respective 2007 base salaries. The Chief Executive Officer s cash bonus may range from 37.5% to a maximum of 112.5% of 2007 base salary, and the cash bonuses for the other executive officers may range from 17.5% to a maximum of 52.5% of their respective 2007 base salaries. For 2007, the executive officers received salary increases ranging from 7.1% to 12.5%. At an April 2007 meeting the Compensation Committee approved the non-salary cash compensation for our Vice President Marketing and Sales. He will receive commissions at specified percentages of sales, based on achieving a pre-determined threshold level of sales. The Company believes that it is reasonably likely that the threshold will be is achieved. In addition, Mr. Traverso is eligible to receive an annual bonus at the Compensation Committee s discretion based on achievement of Company sales goals and achievement of strategic objectives.

We note that competition for qualified management and technical personnel in Natus s industry is intense, and we expect such competition to remain intense for the foreseeable future. As a result, in order to enhance our access to qualified personnel, we believe that it will continue to be necessary to provide compensation packages, consisting of cash compensation and equity incentives that are at least competitive with, and in certain instances, superior to, compensation paid by other similarly situated companies.

Equity-Based Compensation Element

Equity based compensation aligns employee incentives with the interests of stockholders because (i) options have value only if the stock price increases over time and (ii) in the case of restricted stock, the value of such grant increases only if the stock price increases. Equity awards are granted to employees, including our executive officers, in the form of stock options and restricted stock, which in the case of options are granted with an exercise price equal to the market price on the date of grant. In addition, equity grants help retain key employees because they typically cannot be fully exercised or are subject to a right of repurchase for four years and, in the case of options, if not exercised, are forfeited if the employee leaves the employ of the Company. The four-year vesting schedule also helps keep employees focused on long-term performance. In addition, in 2006, the Company s Board of Directors reduced the term of options granted under the Company s equity-based compensation plans from ten years to six years in order to reduce the expense of such options under FAS 123R. In 2006, the Company reduced the award of stock options that would otherwise have been granted by 25% and granted restricted stock awards in amounts equal to one-half the number of shares that would have been covered by options that would otherwise have been granted.

The Compensation Committee approved all of the equity granted to our executive officers in 2006. With respect to equity granted to Natus s executive officers, the Compensation Committee considers in making its determination as to the size of the equity grant the executive s position with Natus, market data for peer companies provided by the Company s compensation consultants and any other factors that the Committee may deem relevant. The number of shares subject to each equity grant is within the discretion of the Compensation Committee based on such factors, as well as equity grant guidelines approved by the Committee.

Equity-based compensation is granted to executive officers when the executive first joins us. In addition, additional equity based compensation may be granted in connection with a significant change in responsibilities. Further, we typically make annual equity awards to our executive officers, as was the case in 2006 based on the factors noted above. The committee s procedure for timing of equity awards (restricted stock and stock options) provides assurances that grant timing is not being manipulated to result in a price that is favorable to employees. The annual equity grant date for all eligible employees, including executive officers, is the Compensation Committee meeting held in connection with the Company s annual meeting. This date is established by the Compensation Committee in advance after the determination of the date of the Company s annual meeting. The

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exercise price for all grants is the closing price on the last completed day of trading prior to any meeting of the Compensation Committee.

Compensation of the Chief Executive Officer

Mr. Hawkins compensation in 2006 consisted of the same components as for our other executive officers, including a base salary, annual bonus and equity compensation. We arrived at Mr. Hawkins annual salary for 2006, which was an increase of 6% from his base salary for 2005, based on a review of his individual performance and his achievement with respect to various performance targets and the salaries of CEOs of similarly situated companies. Mr. Hawkins bonus was determined based on achievement of pre-tax operating profit, as adjusted for acquisition costs and FAS 123R, that exceeded the Company s Board of Director s budget (such pre-tax profit targets were the same as those used for all other executive officers of the Company). Based on its determination that the Company achieved its strategic goals, the Compensation Committee decided to award Mr. Hawkins the maximum amount available under the 2006 bonus plan. However, Mr. Hawkins waived the right to receive the additional amount of bonus for achieving strategic objectives and requested that he be treated in the same manner as all other members of the executive team and be paid a bonus at the formula amount provided in the 2006 bonus plan. As a result, the Compensation Committee approved a cash bonus for Mr. Hawkins of $230,500. In addition, Mr. Hawkins also received a restricted stock award of 14,000 shares and a stock option grant of 80,000 shares on June 15, 2006. With respect to equity granted to Mr. Hawkins, the Compensation Committee considered market data for peer companies provided by the Company s compensation consultants and any other factors that the Committee deemed relevant.

Employment Agreements and Change in Control Arrangements

We entered into employment agreements with William M. Mince and Kenneth M. Traverso in November 2002, with D. Christopher Chung, M.D. in March 2003, with Steven J. Murphy in May 2003 and with James B. Hawkins in April 2004. The terms of these agreements are substantially the same. Upon termination of employment for cause, death or disability, the executive will only be eligible for severance benefits, if any, in accordance with the Company s established policies for all employees as then in effect, which consist primarily of short-term disability and group life insurance benefits.

Should an officer s employment with us terminate for other than cause, death or disability, the officer shall be entitled to:

Receive continuing payments of severance pay, less applicable withholding taxes, at a rate equal to the officer s then current base salary rate for a period of twelve months;

The immediate vesting of any unvested stock options, restricted stock, or other equity awards, which in the case of stock options would be exercisable for a period of 30 days after such termination; and

Continued payment by the Company of COBRA benefits through the lesser of (i) eighteen months from the effective date of such termination, (ii) the date upon which the officer and the officer s eligible dependents become covered under similar plans, or (iii) the date the officer no longer constitutes a Qualified Beneficiary , as such term is defined in Section 4980B(g) of the Internal Revenue Code of 1986, as amended.

These agreements also provide for the same severance benefits as above if the officer terminates his employment for good reason within 12 months following a change-in-control transaction. Employment termination is for good reason if it follows a significant reduction in the officer s duties or responsibilities, a reduction in base salary, a material reduction in employee benefits, the relocation of more than 35 miles of the officer s present location, or the failure of a successor entity to assume the employment agreement. A change in control for such employment agreements other than that of Mr. Hawkins is a transaction by which someone acquires more than 50% of the Company s outstanding voting power, a change in the Board of Directors within a

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two year period such that fewer than a majority are incumbent directors, a merger or consolidation following which the stockholders of the Company own 40% or less of the combined voting power of the Company or the surviving entity, or the sale of all or substantially all of the assets of the Company. Mr. Hawkins agreement contains a similar definition of this term, but does not include the change in Board composition as a defined change in control.

To be eligible for termination benefits, the executive must comply with certain non-complete and non-solicitation provisions.

The base salaries for our executive officers for 2007 are as follows: James B. Hawkins, $375,000; Steven J. Murphy, $225,000; D. Christopher Chung, $230,000; William M. Mince, $225,000; and Kenneth M. Traverso, $210,000.

Our 1991 Stock Option Plan and our Amended and Restated 2000 Stock Awards Plan provide for the grant of options to purchase our common stock to employees and consultants. Prior to June 14, 2006, options granted to employees had a contractual term of ten years; options granted since June 14, 2006 have a contractual term of 6 years. The plans provide that after certain change in control events (as defined in the plan), including, for example, our merger with or into another corporation or the sale of all or substantially all of our assets, outstanding options may be assumed or equivalent options may be substituted, by the successor corporation. Thereafter, if the optionee s status as our employee or employee of the successor corporation is terminated within 12 months other than by a voluntary resignation or termination for cause, the option may become fully exercisable. Further, if the successor corporation does not assume an outstanding option or substitute for it an equivalent option, the option becomes fully vested and exercisable.

For further detailed financial information concerning the severance and change in control arrangements with our executive officers, please see the tabular information contained in the section entitled Potential Payments Upon Termination or Change in Control.

Other Benefits

Executive officers are eligible to participate in all of our employee benefit plans, such as medical, dental, vision, group life, disability, and accidental death and dismemberment insurance, and our 401(k) plan, in each case on the same basis as other employees, subject to applicable law. We also provide vacation and other paid holidays to all employees, including our executive officers, which we intend to be comparable to those provided at peer companies.

Accounting Treatment

We account for equity compensation paid to our employees under SFAS 123R, which requires us to estimate and record an expense over the service period of the award. Our cash compensation is recorded as an expense at the time the obligation is accrued. We structure the cash compensation element of our incentive compensation so that it is taxable to our executives at the time it becomes available to them. We currently intend that all cash compensation paid will be tax deductible for us. However, with respect to equity compensation awards, while any gain recognized by employees from nonqualified options granted at fair market value should be deductible, to the extent that an option constitutes an incentive stock option, gain recognized by the optionee will not be deductible if there is no disqualifying disposition by the optionee. In addition, if we grant restricted stock or restricted stock unit awards that are not subject to performance vesting, they may not be fully deductible by us at the time the award is otherwise taxable to employees.

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Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, provides that compensation in excess of $1 million paid to the chief executive officer or to any of the other four most highly compensated executive officers of a company will not be deductible for federal income tax purposes unless such compensation is paid pursuant to one of the enumerated exceptions set forth in Section 162(m). Our primary objective in designing and administering compensation policies is to support and encourage the achievement of our long-term strategic goals and to enhance stockholder value. When consistent with this compensation philosophy, we also intend to attempt to structure compensation programs such that compensation paid thereunder will be tax deductible by Natus. In general, stock options granted under our stock option plans are intended to quality under and comply with the performance based compensation exemption provided under Section 162(m), thus excluding from the Section 162(m) compensation limitation any income recognized by executives pursuant to such stock options. The Compensation Committee intends to review periodically the potential impacts of Section 162(m) in structuring and administering our compensation programs.

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SUMMARY COMPENSATION TABLE

The following table sets forth information concerning compensation of our Chief Executive Officer, Chief Financial Officer, and the other three most highly compensated executive officers (the named executive officers), all of whom were serving as executive officers of the Company as of December 31, 2006 (1).

Name and Principal Position	Year	Salary (2)	Stock Awards (3)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total
James B. Hawkins President and Chief Executive Officer	2006	$ 340,000	$ 18,159	$ 299,492	$ 230,500	$ 2,720	$ 890,871
Steven J. Murphy Vice President Finance and Chief Financial Officer	2006	200,000	6,485	81,451	81,400	2,576	371,912
D. Christopher Chung, M.D. Vice President Medical Affairs, R&D and Engineering	2006	210,000	6,485	82,652	85,500	2,605	387,242
William M. Mince Vice President Operations	2006	201,000	6,485	79,837	81,800	2,578	371,700
Kenneth M. Traverso Vice President, Marketing and Sales	2006	297,000	6,485	85,380	40,000	2,720	431,585

(1) Each of the named executive officers has an Employment Agreement with us that provided for an initial base salary that is subject to subsequent review and to adjustments. These agreements provide that the executive s employment with is on an at will basis. These agreements also provide for certain payments and other benefits upon termination of employment in certain circumstances, as further described under Employment Agreements and Change in Control Arrangements in the Compensation Discussion and Analysis above, and in the Potential Payments Upon Termination or Change in Control section below.

(2) For Mr. Traverso, the amount included in the Salary column consists of a base salary plus a commission that is based on sales of the Company that is paid quarterly during the year.

(3) The amounts included in the Stock Awards and Option Awards columns represent the compensation cost recognized by the Company in 2006 related to restricted stock awards and option awards, respectively, pursuant to Statement of Financial Accounting Standards No. 123R, except that in the case of option awards, a forfeiture rate of zero percent has been used. For a discussion of other valuation assumptions, see Notes 1 and 11 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2006. See the Grants of Plan Based Awards Table for more information regarding the equity awards granted by the Company in 2006. Refer to the Compensation Discussion and Analysis above for a full description of these awards.

(4) Represents amounts paid in March 2007 for 2006 performance. See the Grants of Plan Based Awards Table for more information regarding non-equity incentive plan compensation in 2006. Refer to the Compensation Discussion and Analysis above for a full description of non-equity incentive plan compensation.

(5) The amounts included in the All Other Compensation column consist of matching contributions paid by the Company into our 401(k) plan on behalf of the named executive officers and life insurance premiums.

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GRANTS OF PLAN BASED AWARDS

This table discloses the actual numbers of stock options and restricted awards granted and the grant date fair value of these awards. It also captures potential future payouts under the Company s non-equity incentive plan.

Name	Grant Date	Estimated Future Payouts Under Non-equity Incentive Plan Awards (1) Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (2)	All Other Option Awards: Number of Securities Underlying Options (3)	Exercise or Base Price of Option Awards ($/Share)	Grant Date Fair Value of Stock and Option Awards ($)
Mr. Hawkins		$ 85,000	$ 170,000	$ 255,000				
	6/14/2006				14,000			$ 158,480
	6/14/2006					80,000	$ 11.32	376,288
Mr. Murphy		30,000	60,000	90,000				
	6/14/2006				5,000			83,050
	6/14/2006					30,000	$ 11.32	56,600
Dr. Chung		31,500	63,000	94,500				
	6/14/2006				5,000			83,050
	6/14/2006					30,000	$ 11.32	56,600
Mr. Mince		30,150	60,300	90,450				
	6/14/2006				5,000			83,050
	6/14/2006					30,000	$ 11.32	56,600
Mr. Traverso			40,000					
	6/14/2006				5,000			83,050
	6/14/2006					30,000	$ 11.32	56,600

(1) Each of the named executive officers other than Mr. Traverso had a range of payouts targeted for 2006 non-equity incentive compensation, based on the Company s performance as described in Compensation Discussion and Analysis above. The bonus payment for 2006 performance was made in March 2007 based on the metrics described, at approximately 135% of target, and is shown in the Summary Compensation Table in the column titled Non-equity Incentive Plan Compensation . Mr. Traverso was eligible to receive a target bonus based on the Company s performance in 2006, and such bonus was paid in March 2007 as shown in the Summary Compensation Table.

(2) Each of the named executive officers received a grant of restricted shares in 2006. The restricted shares vest as follows: 50% in August 2008, 25% in August 2009, and 25% in August 2010.

(3) Each of the named executive officers received a grant of stock options in 2006. Options were issued with an exercise price equal to the fair market value on the date of grant, which was based on the most recent closing price of the Company s stock immediately prior to the award. The shares vest ratably over a 48-month period and may be exercised for six years from the

date of grant. Refer to the Compensation Discussion and Analysis above for a description of our equity based compensation practices.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards (1)				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (5)
Mr. Hawkins					14,000	$ 232,540
	10,000	70,000	$ 11.32	06/15/2012(4)		
	45,000	75,000	10.03	06/09/2015(3)		
	231,667	233,333	4.07	04/08/2014(2)		
Mr. Murphy					5,000	$ 83,050
	3,750	26,250	$ 11.32	06/15/2012(4)		
	18.750	31,250	10.03	06/09/2015(3)		
	28,333	11,667	4.51	02/25/2014(3)		
	31,354	3,646	4.11	05/30/2013(3)		
	25,000		3.45	11/12/2012(2)		
Dr. Chung					5,000	$ 83,050
	3,750	26,250	$ 11.32	06/15/2012(4)		
	18.750	31,250	10.03	03/09/2015(3)		
	34,417	14,583	4.51	02/25/2014(3)		
	47,917	2,083	3.50	02/27/2013(3)		
	25,000		3.45	11/12/2012(3)		
	10,000		4.70	04/12/2012(3)		
	50,000		6.25	12/12/2010(2)		
Mr. Mince					5,000	$ 83,050
	3,750	26,250	$ 11.32	06/15/2012(4)		
	18.750	31,250	10.03	06/09/2015(3)		
	10,417	14,583	4.51	02/25/2014(2)		
Mr. Traverso					5,000	$ 83,050
	3,750	26,250	$ 11.32	06/15/2012(4)		
	18.750	31,250	10.03	06/19/2015(3)		
	35,417	14,583	4.51	02/25/2014(3)		
	47,917	2,083	3.50	02/27/2013(3)		
	50,000		3.45	11/12/2012(3)		
	25,000		4.15	06/14/2012(3)		
	10,000		5.69	10/23/2011(3)		
	100,000		6.25	12/12/2010(2)		

(1) Initial grants of options to the named executive officers upon employment vest 6/48ths after the completion of six months of service with the remainder vesting ratably over the next 42 months. Subsequent grants of options vest ratably over a 48-month period.
(2) Represents an initial grant of options upon employment that expire 10 years from the date of grant.
(3) Represents subsequent grant of options granted prior to June 14, 2006 that expire 10 years from the date of grant.

(4) Represents subsequent grant of options granted on or after June 14, 2006 that expire 6 years from the date of grant.

(5) The amounts in this column represent the value of these awards based on the closing price of our stock on December 29, 2006 of $16.61.

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OPTION EXERCISES AND STOCK VESTED

The following table sets forth certain information regarding options and stock awards exercised and vested, respectively, during 2006 for the named executive officers.

Name	Option Awards Number of Shares Acquired on Exercise (#)	Option Awards Value Realized on Exercise ($)	Stock Awards Number of Shares Acquired on Vesting (#) (1)	Stock Awards Value Realized on Vesting ($)
Mr. Hawkins	35,000	$ 593,360		
Mr. Murphy				
Dr. Chung				
Mr. Mince	50,000	$ 646,225		
Mr. Traverso				

(1) The named executive officers were granted restricted shares on June 14, 2006 that vest 50% in August 2008, 25% in August 2009, and 25% in August 2010.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Under the employment agreements between the Company and the named executive officers, upon termination of employment for cause, death or disability, the executive will only be eligible for severance benefits, if any, in accordance with the Company s established policies for all employees as then in effect. The table that follows reflects the amount of compensation due to our named executive officers if their employment is terminated for other than cause, death or disability, or their employment is terminated following a change in control, as more fully described under Employment Agreements and Change in Control Arrangements in the Compensation Discussion and Analysis above. The amounts shown below assume that such termination or change in control event was effective as of December 31, 2006.

Name	Cash Severance Payment	Continuation of Medical and Welfare Benefits	Acceleration of Equity Awards (1)	Total Termination Benefits
Mr. Hawkins	$ 375,000	$ 10,438	$ 4,022,336	$ 4,407,774
Mr. Murphy	225,000	15,657	614,284	854,941
Dr. Chung	230,000	23,732	631,300	885,032
Mr. Mince	225,000	15,657	603,992	844,649
Mr. Traverso	210,000	23,732	631,300	865,032

(1) Under the employment agreements between the Company and the named executive officers, upon a covered termination, any unvested stock options, restricted stock, or other equity awards would immediately vest and options would be exercisable for up to 30 days following termination. Such unvested awards would also vest if an acquiring company does not assume

them following a change in control transaction. The amounts in this column represent the intrinsic value of these awards based on the closing price of our stock on December 29, 2006 of $16.61.

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DIRECTOR COMPENSATION

Directors who are employees receive no additional compensation for serving on the board or its committees. The table below discloses the annual compensation provided during the year ended December 31, 2006 to directors who are not employees:

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3, 4)	Total ($)
Ms. Engibous	$ 30,000	$ 6,485	$ 31,040	$ 67,525
Mr. Gunst	54,000	6,485	34,483	94,888
Mr. Ludlum	51,000	6,485	26,285	83,770
Mr. Michael	40,500	6,485	31,040	78,025
Mr. Moore	31,000	6,485	26,285	63,770

(1) Fees earned and paid in cash were based on the following retainer and payment schedule:

Annual retainer	$ 12,000
Annual retainer for service as Chairman of the Board	12,000
Annual retainer for service as Chairman of the Audit Committee	12,000
Annual retainer for service as Committee Chairperson (excluding the Audit Committee)	3,000
Payment for each Board meeting attended in person	1,500
Payment for each Board meeting attended by telephone	500
Payment for each Audit Committee meeting attended	1,000
Payment for each Committee meeting attended (excluding the Audit Committee)	500

(2) In June 2006, each non-employee director received a restricted stock grant of 1,250 shares that vests in June 2007. The Company had not previously awarded restricted stock grants. The amount in this column shows the expense recognized by the Company in 2006 for restricted stock awards.

(3) The amounts in this column reflect the expenses related to options granted to the Company s directors recognized in the Company s 2006 financial statements pursuant to Statement of Financial Accounting Standards No. 123R, except that a forfeiture rate of zero percent has been used. For a discussion of other valuation assumptions, see Notes 1 and 11 to our consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2006. All of our Directors received an initial grant of 30,000 options upon their appointment to the board that vest ratably over a 36-month period. Prior to December 31, 2006, each director received an additional grant of 10,000 options annually. For 2006, each director received a grant of 7,500 options and restricted stock as discussed above. All options granted to directors other than their initial grant vest ratably over a 12-month period. Stock option grants were established using the same procedure for timing and price as is used for employees. Refer to the Compensation Discussion and Analysis above for a description of our equity based compensation practices.

(4) At December 31, 2006, Ms. Engibous had 47,500 options and 1,250 unvested restricted shares outstanding, Mr. Gunst had 47,500 options and 1,250 unvested restricted shares outstanding, Mr. Ludlum had 7,500 options and 1,250 unvested restricted shares outstanding, Mr. Michael had 47,500 options and 1,250 unvested restricted shares outstanding, and Mr. Moore had 67,500 options and 1,250 unvested restricted shares outstanding.

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REPORT OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Compensation Committee Report

The Compensation Committee of the Board of Directors of Natus has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Respectfully submitted by:
THE COMPENSATION COMMITTEE

WILLIAM M. MOORE, Chairman
DORIS E. ENGIBOUS
ROBERT A. GUNST

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REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Our Audit Committee is comprised of three directors who are independent under the applicable rules of the Nasdaq Stock Market and the Securities and Exchange Commission. The Audit Committee assists the Board of Directors in its oversight of our financial reporting process and administration of corporate policy in matters of accounting and control.

The Board of Directors has adopted a written Audit Committee Charter. As stated in the charter, our management is responsible for the preparation, presentation and integrity of our financial statements. The Audit Committee has relied on (i) management s representation that such financial statements have been prepared with integrity and objectivity and (ii) the report of our independent auditors with respect to such financial statements. Our accounting and financial reporting principles and internal controls and procedures are designed to assure compliance with accounting standards and applicable laws and regulations.

The Audit Committee appoints the independent auditors and periodically reviews their performance and independence from management, and pre-approves all audit and non-audit services provided by the independent auditors. The Audit Committee functions as the liaison with our independent auditors, who are responsible for auditing our financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States. The Audit Committee meets with our independent auditors, with and without management present, to discuss the results of their examination, evaluations of our internal controls and the overall quality of our financial reporting.

In the performance of its oversight function, the Audit Committee has done the following:

Reviewed and discussed the audited financial statements with management and our independent auditors;

Discussed the Company s internal controls over financial reporting with management and our independent auditors;

Discussed with our independent auditors any matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*;

Received the written disclosures and the letter from our independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*; and

Discussed with our independent auditors the firm s independence.

Based upon the review and discussions described above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, for filing with the Securities and Exchange Commission.

Respectfully submitted by:
THE AUDIT COMMITTEE

KENNETH E. LUDLUM, Chairman
ROBERT A. GUNST
MARK D. MICHAEL

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OTHER MATTERS

We know of no other matters to be submitted at the annual meeting. If any other matters properly come before the annual meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as the Board may recommend.

It is important that your shares be represented at the annual meeting, regardless of the number of shares you hold. You are therefore urged to mark, sign, date, and return the accompanying proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose.

THE BOARD OF DIRECTORS OF

NATUS MEDICAL INCORPORATED

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NATUS MEDICAL INCORPORATED

ANNUAL MEETING OF STOCKHOLDERS

Thursday, June 14, 2007

9:30 a.m. local time

Natus Medical Incorporated

1501 Industrial Road

San Carlos, California 94070

Natus Medical Incorporated

1501 Industrial Road

San Carlos, California 94070

proxy

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of Natus Medical Incorporated, a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, each dated May 8, 2007, and hereby appoints James B. Hawkins and Steven J. Murphy, and each of them individually, as proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2007 Annual Meeting of Stockholders of Natus Medical Incorporated to be held on Thursday, June 14, 2007, at 9:30 a.m. local time at the Company s headquarters located at 1501 Industrial Road, San Carlos, California 94070 and any adjournment(s) or postponement(s) thereof, and to vote all shares of common stock which the undersigned would be entitled to vote if then and there personally present, on the matters set forth on the reverse side.

Each of such attorneys or substitutes (if both are present and acting at said meeting or any adjournment(s) or postponement(s) thereof, or, if only one shall be present and acting, then that one) shall have and may exercise all of the powers of said attorneys-in-fact hereunder.

THIS PROXY, WHEN PROPERLY EXECUTED AND RETURNED IN A TIMELY MANNER, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR: (1) THE LISTED NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS AND (2) FOR THE RATIFICATION OF THE

APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2007.

See reverse for voting instructions

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COMPANY #

There are three ways to vote your Proxy

Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

VOTE BY PHONE   TOLL FREE   1-800-560-1965   QUICK * EASY *** IMMEDIATE**

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on June 13, 2007.

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions the voice provides you.

VOTE BY INTERNET   http://www.eproxy.com/baby/   QUICK * EASY *** IMMEDIATE**

Use the Internet to vote your proxy 24 hours a day, 7 days a week, until 12:00 p.m. (CT) on June 13, 2007

Please have your proxy card and the last four digits of your Social Security Number or Tax Identification Number available. Follow the simple instructions to obtain your records and create an electronic ballot.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we ve provided or return it to Natus Medical Incorporated, c/o Shareowner Services[SM], P.O. Box 64873, St. Paul, MN 55164-0873.

If you vote by Phone or Internet, please do not mail your Proxy Card

Please detach here

The Board of Directors Recommends a Vote FOR Items 1 and 2

1. ELECTION OF DIRECTORS:	01 Robert A. Gunst 02 James B. Hawkins	¨ Vote FOR all nominees	¨ Vote WITHHELD from all nominees

(Instructions: To withhold authority to vote for any indicated nominee,

write the number(s) of the nominee(s) in the box provided to the right.)

2. PROPOSAL TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS NATUS MEDICAL INCORPORATED S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2007:	¨ FOR	¨ AGAINST	¨ ABSTAIN

In their discretion, the proxies are authorized to vote upon such other matter(s) that may properly come before the meeting and at any adjournment(s) or postponement(s) thereof.

Address change? Mark Box
¨ Indicate changes below:

Date: __________

____

Signature(s) in Box

This Proxy should be marked, dated, signed by the

stockholder(s) exactly as his, her or its name appears herein, and returned promptly in the enclosed envelope. Persons signing in a fiduciary capacity should so indicate and include title and authority. If shares are held by joint tenants or as community property, both should sign. Corporations and other entities should provide the title of the authorized officer signing the proxy.