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STEWART & STEVENSON SERVICES INC  
Form SC 13D  
May 31, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

(Rule 13d-1)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND  
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(Amendment No. \_\_)

Stewart & Stevenson Services Inc.  
(Name of Issuer)

-----  
Common Stock  
(Title of Class of Securities)

-----  
860342104  
(CUSIP NUMBER)

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David Aufhauser, Esq.  
UBS AG  
299 Park Avenue  
New York, New York 10171  
212-821-3000

(Name, address and telephone number of person authorized to receive notices  
and communications)

-----  
May 24, 2006  
(Date of Event That Requires Filing of this Statement)

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If the filing person has previously filed a statement on Schedule 13G to report  
the acquisition that is the subject of this Schedule 13D, and is filing this  
schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following  
box. [ ]

Note. Schedules filed in paper format shall include a signed original and  
five copies of the schedule, including all exhibits. See Rule 13d-7 for  
other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's  
initial filing on this form with respect to the subject class of securities, and  
for any subsequent amendment containing information which would alter the

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disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 Names and I.R.S. Identification Nos. of Reporting Persons

UBS AG (for the benefit and on behalf of UBS Investment Bank, Wealth Management USA, and Global Wealth Management and Business Banking business groups of UBS AG)

\* See item 5

2 Check the Appropriate Box if a Member of a Group

a [ ]

b [ ]

3 SEC USE ONLY

4 Source of Funds

BK.AF,WC

5 Check box if disclosure of legal proceedings is required pursuant to Item 2(d) or 2(e)

[X]

6 Citizenship or Place of Organization

Switzerland

Number of Shares Beneficially Owned by Each Reporting Person With:

7. Sole Voting Power : 1,643,126

8. Shared Voting Power: 0

9. Sole Dispositive Power: 1,643,126

10. Shared Dispositive Power: 0

11 Aggregate Amount Beneficially Owned by Each Reporting Person

1,643,126

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12 Check if the Aggregate Amount in Row (11) Excludes Certain Shares

[ ]  
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13 Percent of Class Represented by Amount in Row (11)

5.54%  
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14 Type of Reporting Person

BK  
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Item 1. Security and Issuer

Common Stock

Stewart & Stevenson Services Inc.  
2707 North Loop West  
Houston, TX 77008

Item 2. Identity and Background

UBS AG

Principal business: UBS AG is a major international banking and financial firm. UBS AG's principal business office is located at:  
Bahnhofstrasse 45  
CH-8021, Zurich, Switzerland

UBS AG, a Swiss banking corporation, is publicly owned, and its shares are listed on the Zurich, New York and Tokyo stock exchanges. Subsidiaries of UBS AG include UBS Securities LLC and UBS Financial Services Inc. Like most securities firms, UBS Securities LLC and UBS Financial Services Inc. are, and have been, defendant(s) in numerous legal actions brought by private plaintiffs relating to their securities businesses that allege various violations of federal and state securities laws. UBS Securities LLC and UBS Financial Services Inc. are wholly owned subsidiaries of UBS AG. UBS AG, a Swiss banking corporation, is publicly owned, and its shares are listed on the Zurich, New York and Tokyo stock exchanges. UBS AG files annual reports on Form 20-F with the SEC, and also files quarterly reports and certain other material information with the SEC under cover of Form 6-K. These reports are publicly available. These reports include material information about UBS Securities LLC matters, including information about any material litigation or administrative proceedings.

Further, UBS AG, UBS Securities LLC and UBS Financial Services Inc., and other affiliated entities, like most large, full service investment banks and broker-dealers, receive inquiries and are sometimes involved in investigations by the Federal Reserve Bank, SEC, NYSE and various

other regulatory organizations and government agencies. UBS AG and its affiliates and subsidiaries fully cooperate with the authorities in all such

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requests. UBS Securities LLC and UBS Financial Services Inc. regularly report to the National Association of Securities Dealers, Inc. on Form B-D and to the SEC on Schedule E to Form ADV investigations that result in orders. These reports are publicly available.

### Item 3. Source and Amount of Funds or Other Consideration

The source of funds for the purchases of the Common Stock (as defined above in Item 1) was internal funds of UBS AG and the affiliates that purchased the subject securities and/or the available funds of clients if shares purchased on a discretionary basis for client accounts.

### Item 4. Purpose of Transaction

The shares of Common Stock were acquired for investment and proprietary trading purposes and not with the purpose or effect of changing or influencing control of the Issuer. UBS AG and its affiliates review their respective holdings of the Issuer on an ongoing basis. Depending on such evaluations, UBS and its affiliates may from time to time in the future acquire additional shares in connection with such investment and risk arbitrage activities, but they have no present plans for any material additional acquisitions. Except as otherwise described herein, none of the reporting persons has any plans or proposals relating to or which would result in any of the transactions described in Items 4(a) - (j) of Schedule 13D.

### Item 5. Interest in Securities of the Issuer

(a)-(b) This filing reflects shares beneficially owned by UBS Investment Bank, Wealth Management USA and Global Wealth Management and Business Banking business groups of UBS AG (the "Business Groups"), through the following entities through those business groups:

UBS AG London Branch

UBS Portfolio LLC  
UBS AG Frankfurt  
UBS Ltd  
UBS Warburg Private Clients Ltd  
UBS AG Tokyo branch  
UBS AG (Switzerland)  
UBS Warburg Securities (Pty) Ltd (South Africa)  
UBS International Ltd  
UBS Warburg Securities Ltd  
Banco UBS Warburg S.A  
UBS Warburg Corretora de Cambio e Valores  
Mobiliarios S.A.  
UBS Warburg Trading S.A.  
UBS Bunting Warburg Inc  
UBS Capital Americas Investments III, Ltd.  
UBS Capital II LLC  
UBS Capital LLC  
UBS AG Brazil  
UBS Limited  
UBS Capital Americas Investments II Ltd  
SBC Equity Partners AG  
UBS Capital Asia Pacific Ltd  
UBS Capital Holdings LLC  
UBS Capital Jersey Ltd  
UBS Capital BV  
UBS (USA) Inc  
UBS Warburg AG (Frankfurt)

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UBS Securities Australia Ltd  
UBS Securities (Japan) Ltd  
UBS Securities LLC  
UBS Securities New Zealand Limited  
UBS New Zealand Limited  
UBS AG Australia Branch  
UBS Capital Markets LP  
UBS Capital Latin America LDC  
UBS Securities France SA  
UBS AG Canada Branch  
UBS Cayman Ltd.  
PaineWebber Capital Inc  
Paine Webber International Inc  
UBS Fiduciary Trust Company  
UBS Financial Services Incorporated of Puerto Rico  
UBS Americas Inc  
UBS Financial Services Inc.  
SRM LP

The Reporting Person has sole voting and dispositive power over all of the shares reported above.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

To the best knowledge of UBS AG, no contracts, arrangements, understandings or relationships (legal or otherwise) exist UBS AG and any other person with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits

None

SIGNATURES

After reasonable inquiry and to the best of the knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

UBS AG

By: /s/ Edward Buscemi

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Edward Buscemi  
Executive Director

By: /s/ Michael Cortese

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Michael Cortese  
Managing Director

Date: May 31, 2006