

**THIS BASE PROSPECTUS IS NOT AN EU PROSPECTUS DIRECTIVE COMPLIANT PROSPECTUS. FIXED INCOME SECURITIES ISSUED UNDER THIS BASE PROSPECTUS MAY ONLY BE OFFERED TO, AND PURCHASED BY, PROFESSIONAL INVESTORS IN HONG KONG AND SINGAPORE.**

## **BASE PROSPECTUS**

of

**UBS AG**

*(a public company with limited liability established under the laws of Switzerland)*



### *Base Prospectus for the Issuance of Fixed Income Securities (Cash)*

Under this Base Prospectus for the issuance of Fixed Income Securities (Cash) (the "**Base Prospectus**" or the "**Prospectus**") UBS AG (the "**Issuer**" or "**UBS AG**"), which may also be acting through its Hong Kong branch ("**UBS AG, Hong Kong Branch**"), its Jersey branch ("**UBS AG, Jersey Branch**") or its London branch ("**UBS AG, London Branch**"), may, from time to time, issue fixed income securities (the "**Fixed Income Securities**", the "**Securities**" or the "**Certificates**"). If applicable, all references in this Base Prospectus to Securities shall also apply to Certificates. In case of Securities governed by Swiss law, the Securities will be issued in the form of intermediated securities (*Bucheffekten*; "**Intermediated Securities**") pursuant to the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*; the "**FISA**"). Such Intermediated Securities may be created based on global notes (*Globalurkunden*; "**Global Notes**") pursuant to article 973b of the Swiss Federal Code of Obligations ("**CO**") or uncertificated securities (*Wertrechte*; "**Uncertificated Securities**") pursuant to article 973c CO by (a) depositing the Global Notes with a depository (*Verwahrungsstelle*) in accordance with the FISA (the "**Main Depository**") or entering the Uncertificated Securities into the main register of a Main Depository, and (b) making a credit entry into one or more securities account(s) (*Effektenkonten*). In case of Securities governed by German law, the Securities will be represented by either a temporary or a permanent global note.

Under this Base Prospectus, three different types of Fixed Income Securities may be issued: (a) Open End Accrual Securities (including Open End Rate Accrual Securities, Exchange Traded Tracker Securities and Open End Daily Accrual Securities), (b) Open End Securities on a Bond Basket, and (c) Extendible Money Market Certificates. A different set of terms and conditions, referred to as Options I to III in this Base Prospectus and set out in the section "*Terms and Conditions of the Securities*" (together, the "**Terms and Conditions of the Securities**"), shall apply to each type of Fixed Income Securities.

The Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and will include Securities in bearer form that are subject to U.S. tax law requirements. The Securities may not be offered, sold or delivered, at any time, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act. The Securities are also subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person.

**Potential investors in Securities are explicitly reminded that an investment in the Securities entails financial risks. Holders of the Securities (the "Holders" or "Investors") run the risk of losing all or part of the amount invested by them in the Securities. All potential investors in the Securities are, therefore, advised to study the full content of this Base Prospectus.**

The date of this Base Prospectus is 9 October 2015.

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## RISK FACTORS

### A. Risk Factors Relating to the Issuer

The Securities entail an issuer risk, also referred to as debtor risk or credit risk for prospective investors. An issuer risk is the risk that UBS AG becomes temporarily or permanently unable to meet its obligations under the Securities.

**In order to assess the risks related to the Issuer of the Securities, potential investors should consider the risk factors described in the section "III. Risk Factors" in the Registration Document of UBS AG (as supplemented from time to time) as incorporated by reference into this Base Prospectus.**

### B. Risk Factors Relating to the Securities

The purchase of Securities may involve substantial risks and is suitable only for investors with the knowledge and experience in financial and business matters necessary to evaluate the risks and the merits of an investment in the Securities. Before making an investment decision, potential investors should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Base Prospectus.

#### I. *General Risk Factors Relating to the Securities*

##### 1. *General*

An investment in the Securities entails certain risks, which vary depending on the specification and structure of the Securities.

Each potential investor should determine whether an investment in the Securities is appropriate in its particular circumstances. An investment in the Securities requires a thorough understanding of the nature of the relevant transaction. Potential investors should be experienced with respect to capital investments, in particular with investments in structured securities and be aware of the related risks.

An investment in the Securities is only suitable for potential investors who:

- have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Securities and the information contained or incorporated by reference into this Base Prospectus or any applicable supplement hereto;
- understand thoroughly the terms of the Securities and are familiar with the behaviour of interest reference rates and financial markets;
- are capable of bearing the economic risk of an investment in the Securities until the maturity of the Securities or, in the case of Securities without a fixed maturity date, before the Securities are redeemed; and
- recognise that it may not be possible to dispose of the Securities for a substantial period of time, if at all, before maturity or, in the case of Securities without a fixed maturity date, before the Securities are redeemed.

The trading market for debt securities, such as the Securities, may be volatile and may be adversely impacted by many events.

## 2. Risk of Partial or Total Loss

Potential investors should recognise that the Securities constitute a risk investment which can lead to a partial or total loss of their investment in the Securities. Holders will incur a loss, if the redemption amount is below the purchase price of the Securities (including the transaction costs).

In the case of all Securities, Holders bear the risk of the Issuer's financial situation worsening and a potential subsequent inability of the Issuer to pay its obligations under the Securities, even if the Specified Denomination or Par Value of these Securities, as the case may be, is capital protected (in the case of Open End Accrual Securities) at redemption or (in the case of Extendible Money Market Certificates) at maturity (but in each case not during the term of the Securities).

Potential investors must therefore be prepared and able to sustain a partial or even a **total loss** of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

## 3. Interest Rate Risk

The interest rate risk is one of the central risks of interest-bearing securities. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Securities to change on a daily basis.

The market interest level is strongly affected by public budget policy, the policies of the central bank, the overall economic development and inflation rates, as well as by foreign interest rate levels and exchange rate expectations. However, the importance of individual factors cannot be directly quantified and may change over time.

The interest rate risk may cause price fluctuations during the term of the Securities. The longer the remaining term until maturity or the date of redemption, as applicable, of the Securities, the greater the price fluctuations.

## 4. Credit Risk

Holders are subject to the risk of a partial or total failure of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Securities. The worse the creditworthiness of the Issuer, the higher the risk of loss (see also the subsection "*Risk Factors - Risk Factors relating to the Issuer*").

If the Issuer becomes insolvent, Holders have claims against the Issuer ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations as may be preferred by mandatory provisions of law. However, in such case, the redemption payments to be received by a Holder under the Securities are likely to be significantly lower than the initial investment of such Holder and may even be zero.

## 5. Rating of the Securities

A rating of Securities, if any, may not adequately reflect all risks of the investment in such Securities. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Securities. A credit rating is not a recommendation to buy, sell or hold Securities and may be revised or withdrawn by the rating agency at any time.

## 6. Reinvestment Risk

Holders may be exposed to risks connected to the reinvestment of cash resources freed from the Securities. The return the Holders will receive from the Securities depends on the price of and the interest on the Securities and (in the case of Securities which provide for periodic interest payments) on whether or not the interest received during the term of the Securities can be reinvested at the same or a higher interest rate than the rate provided for in the Securities. The risk that the general market interest rate falls

below the interest on the Securities during their term is generally called reinvestment risk. The extent of the reinvestment risk depends on the individual features of the Securities.

#### *7. Settlement Risk*

Holders must rely on the procedures and rules of the relevant Clearing System. In case of technical errors or due to other reasons, payments under the Securities may be delayed or may not occur. The Issuer does not take any responsibility for any technical errors, misconduct or failures due to any other reasons of the Clearing System or any other third party. Therefore, Holders bear the risk of failures in settlement of the Securities.

#### *8. Inflation Risk*

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Securities. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

#### *9. Distribution Agent Remuneration*

The Issuer may enter into distribution agreements with various financial institutions and other intermediaries as determined by the Issuer (each a "**Distribution Agent**"). Each Distribution Agent will agree, subject to the satisfaction of certain conditions, to subscribe for the Securities at a price equivalent to or below the Issue Price and below the purchase price paid by a Holder. A periodic fee may also be payable to the Distribution Agents in respect of all outstanding Securities up to, and including, the maturity date or the date of redemption, as applicable, at a rate as determined by the Issuer. Such rate may vary from time to time. Due to the fees a Distribution Agent receives in connection with the distribution of the Securities potential conflicts of interest may arise.

#### *10. Purchase on Credit – Debt Financing*

If a loan is used to finance the acquisition of the Securities by a Holder and the Securities subsequently go into default, or if the trading price diminishes significantly, the Holder may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Potential investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, potential investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realising gains.

#### *11. Transaction Costs/Charges*

When Securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Securities. These incidental costs may significantly reduce or eliminate any profit from holding the Securities. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees). Potential investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Securities before investing in the Securities.

## 12. Change of Law

The Terms and Conditions of the Securities will be governed either by Swiss law or by German law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Swiss law or German law (or law applicable in Switzerland or in the Federal Republic of Germany), or administrative practice after the date of this Base Prospectus. Furthermore, the Issuer has and assumes no responsibility for the lawfulness of the acquisition of the Securities by a Holder or prospective purchaser of the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different).

Following a change in law, the Issuer may redeem the Securities at any time at their Early Redemption Amount as specified in the Terms and Conditions of the Securities (see also the subsection "*Risk Factors – Risk Factors Relating to the Securities – General Risk Factors Relating to the Securities – Risks Associated with an Early Redemption*").

## 13. Potential Conflicts of Interest

Each of the Issuer and the Manager(s) (as defined in the section "*General Information - Managers*") or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business in the same manner as if the Securities did not exist, regardless of whether any such action might have an adverse effect on the value, payment amounts, liquidity or performance of the Securities.

Potential conflicts of interest may arise between the Calculation Agent and the Holders, including with respect to certain discretionary determinations that the Calculation Agent may make pursuant to the Terms and Conditions of the Securities that may influence the amounts payable under the Securities.

## 14. Taxation

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Securities are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Securities. Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Securities. Only these advisors are in a position to duly consider the specific situation of the potential investor.

## 15. Payments under the Securities May Be Subject to Withholding Tax Pursuant to FATCA

Pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (the "**Code**"), an agreement entered into with the U.S. Internal Revenue Service (the "**IRS**") pursuant to such sections of the Code, an intergovernmental agreement concluded by the United States with another country (such as the country of residence of the Issuer, a branch of the Issuer, a paying agent or an intermediary), or any laws enacted by such other country in furtherance of an intergovernmental agreement (collectively referred to as "**FATCA**"), the Issuer, a paying agent or an intermediary may, under certain circumstances, be required to withhold at a rate of 30 per cent. on payments, including principal or proceeds of sales, made to Holders, payees or intermediary financial institutions unless such Holders, payees or intermediary financial institutions are FATCA compliant or exempt.

In order to be FATCA compliant, Holders generally will be required to provide tax certifications and identifying information about themselves and certain of their beneficial owners, and, if applicable, a waiver of any laws prohibiting the disclosure of such information to a taxing authority. A payee financial institution generally would be required to enter into an agreement with the IRS and agree, among other things, to disclose the tax status of the account holders at the institution (or the institution's affiliates) and annually to report certain information about such accounts. However, payee financial institutions that are resident in a country that has entered into an intergovernmental agreement (an "**IGA**") with the United States in connection with FATCA may be required to comply with such country's FATCA implementing laws. Each of Switzerland, Hong Kong, Jersey and the United Kingdom has entered into an IGA with the U.S. in respect of FATCA. Under the Swiss and Hong Kong IGAs, the Issuer and the Issuer's Hong Kong Branch will be required to register with the IRS and to comply with the reporting and withholding obligations imposed under an "FFI agreement", as modified by the applicable IGA. Under

the UK and Jersey IGAs, the Issuer's London and Jersey Branches will not be required to enter into FFI agreements directly with the IRS, but generally will be required to comply with the reporting and withholding requirements imposed under UK and Jersey regulations, as applicable, enacted in furtherance of the IGAs.

A grandfathering rule provides that non-U.S. source obligations that are executed on or before the date that is six months after the adoption of final U.S. Treasury regulations addressing "foreign passthru payments" (the "**Grandfathering Date**") and that are not modified and treated as reissued, for U.S. federal income tax purposes, after such date will not be subject to withholding. For purposes of the grandfathering rule, obligations that are treated, for U.S. federal income tax purposes, as equity and certain other obligations lacking a definitive maturity, however, are not eligible for grandfathering. Accordingly, no assurances can be made that any Security will qualify for grandfathering. Finally, it is possible that the extension of the maturity of a Security at the option of the Issuer may be treated as a reissuance of the Security for U.S. federal income tax purposes, such that an extension after the applicable Grandfathering Date may result in a Security that was otherwise grandfathered to lose its grandfathering status.

If the Issuer, a paying agent or an intermediary is required to withhold on payments on or in respect of the Securities, including the redemption or proceeds of a sale of Securities, neither the Issuer nor any paying agent or any other person is required to compensate such a deduction so that such a potential tax withholding would be to the expense of a Holder.

*Holders are urged to consult their own tax advisors about the possible application of FATCA to an investment in the Securities.*

#### *16. No Statutory or Voluntary Deposit Guarantee System or Compensation Scheme*

The Issuer's obligations relating to the Securities are not protected by any statutory or voluntary deposit guarantee system or compensation scheme. In the event of insolvency of the Issuer, investors may thus experience a total loss of their investment in the Securities.

#### *17. Independent Review and Advice*

Each potential investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Securities is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Securities as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. Without independent review and advice, an investor may not adequately understand the risks inherent with an investment in the Securities and may lose parts or all of his capital invested without taking such or other risks into consideration before investing in the Securities.

A potential investor may not rely on the Issuer, the Manager(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Securities or as to the other matters referred to above.

#### *18. Risks Associated with an Early Redemption*

The Issuer may redeem all outstanding Securities due to the occurrence of certain events such as a Change in Law, a Hedging Disruption and/or Increased Cost of Hedging (all as further specified in the Terms and Conditions of the Securities).

Unless the relevant Terms and Conditions of the Securities specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of the Securities due to any withholding or deduction of, or on account of, any present or future taxes, duties, assessments or government charges of any nature imposed by or on behalf of the jurisdictions specified in the Terms and Conditions of the Securities, or any authority thereof or therein having power to impose taxes, the Issuer may redeem all outstanding Securities in accordance with the Terms and Conditions of the Securities.

The relevant Terms and Conditions of the Securities will also indicate whether the Issuer has the right to call the Securities prior to maturity (issuer's call).

In case of an early redemption of the Securities, Holders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Securities (**reinvestment risk**). Furthermore, in case of Securities whose early redemption amount is less than 100 per cent. of the Specified Denomination or Par Value, as the case may be, a Holder is exposed to the risk that he may receive less than the capital invested in the Securities (**risk of capital loss**).

#### *19. Transactions to Offset or Limit Risk*

Potential investors should not rely on the ability to conclude transactions during the term of the Securities to offset or limit the risks inherent in the Securities. In case a hedging transaction can be entered into, it is possible that such transaction can only be concluded at an unfavourable market price, resulting in a corresponding loss for the Holder.

#### *20. Trading in the Securities*

The Issuer or the Manager(s), as applicable, may, under normal market conditions, provide bid and/or offer prices for the Securities on a regular basis. The Issuer or the Manager(s), as applicable, make no firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer prices for the Securities, and assume no legal obligation to quote any such prices or with respect to the level or determination of such prices. Holders and potential investors therefore should not rely on the ability to sell the Securities at a specific time or at a specific price.

#### *21. Effect on the Securities of Hedging Transactions by the Issuer*

The Issuer or a company affiliated with it may conclude transactions to hedge the risk of the Issuer relating to the Securities or other transactions that correspond to the obligations of the Issuer under the Securities. As a rule, such transactions are concluded prior to or on the Issue Date, but it is also possible to conclude such transactions after the issue of the Securities. During the life of the Securities, the Issuer or a company affiliated with it may take the steps necessary for closing out any hedging transactions. It cannot be ruled out that entering into or closing out these hedging transactions may influence the value, performance, liquidity or cash flows of the Securities.

#### *22. Expansion of the Spread between Bid and Offer Prices*

In special market situations, where the Issuer and/or the Manager(s) is/are completely unable to conclude hedging transactions, or where such transactions are very difficult to conclude, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks to the Issuer and/or the Manager(s). Therefore, Holders who wish to sell their Securities might sell at a price considerably lower than the intrinsic value of the Securities at the time of their sale.

### *II. General Risk Factors Relating to Changes in the Market Condition*

#### *1. Market Illiquidity*

Since the Securities will not be listed on a regulated market or an open market, there will be hardly any secondary market in the Securities. Also, since the Securities will not be traded on any securities exchange, pricing information for the Securities may be difficult to obtain and the liquidity and market prices of the Securities may be adversely affected. It may be difficult or impossible for the Holders to realise value for the Securities prior to the exercise or maturity date, as the case may be.

The liquidity of the Securities may also be affected by restrictions on offers and sales of the securities in some jurisdictions. The more limited the secondary market is, the more difficult it may be for the Holders to realise value for the Securities prior to the exercise or maturity date, as the case may be.

#### *2. Market Value of the Securities*



The market value of the Securities will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest rates, market liquidity and the time remaining to the maturity date or the redemption date, as applicable.

The value of the Securities depends on a number of interrelated factors, including economic, financial and political events in a global economy or elsewhere and factors affecting capital markets generally. The price at which a Holder will be able to sell the Securities may be at a discount, which could be substantial, from the Issue Price or the purchase price paid by such Holder.

### *3. Market Price Risk – Historic Performance*

The historic price of the Securities should not be taken as an indicator of future performance of the Securities.

### *III. Risk Factors Relating to the Specific Type of Securities*

#### *1. Open End Accrual Securities*

##### *a. No Periodic Interest*

Open End Accrual Securities do not pay periodic interest. Therefore the Holders will not receive any interest amounts during the term of the Open End Accrual Securities. Payments will only be made upon a termination of Open End Accrual Securities.

##### *b. No Fixed Maturity*

Open End Accrual Securities do not have a predetermined maturity date and therefore no fixed maturity. For this reason, Holders cannot expect their invested capital to be available at a certain predetermined point of time in the future. Also, Holders cannot anticipate a minimum maturity of the Open End Accrual Securities.

Open End Accrual Securities can be terminated either by the Issuer or by the Holder. A termination of the Open End Accrual Securities is only possible on certain redemption dates and subject to observance of a notice period (all as specified in the Terms and Conditions of the Securities). The redemption dates and the notice period might be unfavourable in the opinion of the Holder.

Other than in case of an early redemption due to a Change in Law, a Hedging Disruption and/or Increased Cost of Hedging or a Tax Call, the redemption amount payable to the Holder on the relevant redemption date will be the value of the Open End Accrual Securities on that date. The value of the Open End Accrual Securities on the redemption date may be different to the value of the Open End Accrual Securities when giving notice to the Holders or the Issuer, as the case may be. The development of the value of the Open End Accrual Securities is not predictable. If the Open End Accrual Securities are not terminated, Holders can realise the value of the Open End Accrual Securities only by selling, if possible. Holders must be aware that they might not be able to sell the Open End Accrual Securities at a certain point in time or at any time at all as there may exist no secondary market in the Open End Accrual Securities.

The Issuer is entitled to exercise its right to terminate the Open End Accrual Securities in its sole discretion (the "**Issuer's Call**"). The Issuer's Call might be exercised at an unfavourable point in time in the opinion of the Holder. Even if the Holder has the right to terminate the Open End Accrual Securities, it is possible that the Issuer will terminate the Securities prior to the Holder.

##### *c. Deadlines to Exercise the Holder's Put*

Holders should be aware that if they wish to exercise their holder's put (the "**Holder's Put**"), they need to give notice on a specific date and on a specific time (as specified in the Terms and Conditions of the Securities). Any notice given thereafter is invalid and will not be considered by the Issuer so that the relevant Holder will not be able to receive (in case of Open End Rate Accrual Securities) the Reference Rate Linked Redemption Amount or (in case of Exchange Traded Tracker Securities and Open End Daily Accrual Securities) the Underlying Linked Redemption Amount (all as defined in the Terms and Conditions of the Securities) of the Securities.

*d. Automatic Redemption*

In case of an automatic redemption of the Securities and if the automatic early redemption requirements are fulfilled, the Open End Accrual Securities will automatically be redeemed at an amount as determined in the Terms and Conditions of the Securities. Due to this automatic redemption, the Open End Accrual Securities might be redeemed at an unfavourable point in time in the opinion of the Holder.

*e. Management Fee*

Holders should note that a management fee may be taken into account when determining the relevant accretion rate of the Open End Accrual Securities. If so provided for in the Terms and Conditions of the Securities, the management fee can be adjusted by the Issuer on dates as specified in the Terms and Conditions of the Securities and such adjustment may have a significant negative impact on the accretion rate of the Open End Accrual Securities.

*f. Capital Protection*

There is no capital protection in case of an early redemption of the Open End Accrual Securities or in case of an insolvency of the Issuer. Therefore, capital protection is always subject to the Open End Accrual Securities not being redeemed early and subject to the solvency of the Issuer and therefore capital protection does not secure a Holder against a capital loss.

*2. Open End Securities on a Bond Basket*

*a. The Redemption Amount is Dependent on the Market Value of the Underlying Notes*

Open End Securities on a Bond Basket are debt securities which do not provide for a predetermined redemption amount. The redemption amount will depend on the market value of and the proceeds from the underlying basket of notes (the "**Underlying Notes**") which might be substantially less than the issue price or, as the case may be, the purchase price invested by the Holder and may even be zero in which case the Holder may lose its entire investment (**risk of total loss**).

*b. The Underlying Notes May Be Adjusted by the Issuer*

Holders should be aware that upon the occurrence of an adjustment event such as (a) the receipt of a coupon payment in respect of an Underlying Note; (b) the receipt of final redemption proceeds on the maturity of an Underlying Note; or (c) the occurrence of certain replacement events (as specified in the Terms and Conditions of the Securities) payments or proceeds received in respect of an Underlying Note will be reinvested in eligible obligations or there will be a replacement of such Underlying Note. Consequently, the basket of Underlying Notes will be adjusted by the Issuer in accordance with the Terms and Conditions of the Securities and the Underlying Notes and/or their respective weighting at redemption of the Open End Securities on a Bond Basket may differ significantly from the initial basket and weightings of the Underlying Notes.

*c. No Warranty or Representation of the Issuers of the Underlying Notes*

The Securities are not in any way sponsored, endorsed, sold or promoted by the issuers of the Underlying Notes and such issuers make no warranty or representation whatsoever, express or implied, as to the future performance of the Underlying Notes. Furthermore, the issuers of the Underlying Notes do not assume any obligations to take the interests of the Issuer or those of the Holders into consideration for any reason. None of the issuers of the Underlying Notes will receive any of the proceeds of the offering of the Open End Securities on a Bond Basket nor is any such issuer responsible for, or has participated in, the determination of the timing of prices for or quantities of the Securities.

*d. Capital Protection*

There is no capital protection with regard to Open End Securities on a Bond Basket.

*3. Extendible Money Market Certificates*

*a. Unlimited Extension Option of the Issuer*

Holders should consider (in case the maturity date of the Securities may be extended at the option of the Issuer) that the Issuer is, in accordance with the Terms and Conditions of the Securities entitled to extend the maturity of all then outstanding Securities for additional periods by giving notice to the Holders prior to the relevant exercise date (as determined in the Terms and Conditions of the Securities) (the "**Issuer's Extension Option**"). **There is no limit to the number of times the Issuer may extend the maturity of the Securities.** In case the Issuer exercises the Issuer's Extension Option and unless a Holder exercises in accordance with the Terms and Conditions of the Securities its Investor's Put Option (as defined in the Terms and Conditions of the Securities), Holders will receive any redemption payments under the Extendible Money Market Certificates later than scheduled at the issue date of the Extendible Money Market Certificates.

*b. Unlimited Extension in case of Automatic Extension*

Holders should consider (in case the maturity date of the Securities may be extended automatically) that the maturity of all then outstanding Securities may, in accordance with the Terms and Conditions of the Securities, be automatically extended for additional periods determined by the Issuer unless the Issuer exercises the Issuer's Call Option (as determined in the Terms and Conditions of the Securities) (the "**Automatic Extension**"). **There is no limit to the number of times the term of the Securities may be automatically extended.** Certain parameters that are relevant for the determination of the payoff that is due to the Holder under the Securities will be determined by the Issuer for the additional period by which the term of the Securities is automatically extended and published by the Issuer in an Issuer's Extension Rate Notice (as defined in the Terms and Conditions of the Securities). If the Holder is not willing to continue to hold the Securities at the terms determined by the Issuer for such extended term, the Holder will have to become active and exercise its Investor's Put Option (as defined in the Terms and Conditions of the Securities) in accordance with the Terms and Conditions of the Securities. Otherwise Holders will receive any redemption payments under the Extendible Money Market Certificates later than scheduled at the issue date of the Extendible Money Market Certificates.

*c. Lower Return if Investor's Put Option is Exercised*

If the Issuer has exercised the Issuer's Extension Option (in case the maturity date of the Securities may be extended at the option of the Issuer) or in case the maturity of the Securities is extended automatically (as applicable) and a Holder has exercised its Investor's Put Option, the interest rate of the Extendible Money Market Certificates held by such Holder will be lower than the interest rate such Holder would receive if it had not exercised the Investor's Put Option. In particular, such lower interest rate may be zero.

*d. Risk of Loss of Interest*

The interest will accrue until the redemption of the Extendible Money Market Certificates. Therefore, the payment of interest under the Extendible Money Market Certificates is subject to solvency of the Issuer until the final maturity date.

*e. Capital Protection*

There is no capital protection in case of an early redemption of the Extendible Money Market Certificates or in case of an insolvency of the Issuer. Therefore, capital protection is always subject to the Extendible Money Market Certificates not being redeemed prior to the stated maturity and subject to the solvency of the Issuer and therefore capital protection does not secure a Holder against a capital loss.

### **RESPONSIBILITY STATEMENT**

UBS AG, having its registered head office at Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland (the "**Issuer**"), accepts responsibility for the information contained in this Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is accurate and does not omit any material circumstances.

### IMPORTANT NOTICE

This Base Prospectus should be read and construed with any supplement hereto and with any other documents incorporated by reference into this Base Prospectus and, in relation to any tranche of Securities, with the relevant Final Terms.

The Managers (as defined in the section "*General Information - Managers*") except the Issuer have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with this Base Prospectus.

No person has been authorised by the Issuer to issue any statement which is not consistent with or not contained in this document, any other document entered into in relation to this Base Prospectus or any information supplied by the Issuer or any information as is in the public domain and, if issued, such statement may not be relied upon as having been authorised by the Issuer or the Managers.

This Base Prospectus and any Final Terms may only be distributed to professional investors in Hong Kong and Singapore. Nobody may use this Base Prospectus or any Final Terms for the purpose of an offer or solicitation in any other jurisdiction. Additionally, Securities issued under this Base Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and will include Securities in bearer form that are subject to U.S. tax law requirements. The Securities may not be offered, sold or delivered, at any time, within the United States or its possessions or to, or for the account or benefit of, U.S. persons (as defined under Regulation S under the Securities Act or under the U.S. Internal Revenue Code).

For a more detailed description of some restrictions, see the section "*Selling Restrictions*".

Neither this Base Prospectus nor any Final Terms constitutes an offer to purchase any Securities and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Base Prospectus or any Final Terms should purchase any Securities. Each such recipient shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer on the basis of this Base Prospectus and the relevant Final Terms (see also the section "*Risk Factors*").

## DESCRIPTION OF THE SECURITIES AND THE OFFER

### A. General

The following description is an overview of certain terms and conditions of the Securities and possible features of the Securities as well as conditions of a possible offer of the Securities to be issued under the terms of this Base Prospectus. Potential investors should note that information relating to a specific issue of Securities **that is not yet known at the date of this Base Prospectus**, including, but not limited to, the issue price, the issue date, the level of the interest rate (if any), the type of interest payable (if any), the maturity date and other details significantly affecting the economic assessment of the Securities is not contained in this section of this Base Prospectus but in the relevant Final Terms. **Consequently, the following description does not contain all information relating to the Securities. Any investment decision by an investor should therefore be made only on the basis of full information on the Issuer and on the Securities to be offered which is set out in this Base Prospectus, any supplement hereto and the relevant Final Terms for such Securities, which have to be read together with this Base Prospectus (including the relevant Terms and Conditions of the Securities).**

### B. Description of the Securities

#### *I. Issue Date of the Securities*

The issue date of each series of Securities will be determined by the Issuer and specified in the relevant Final Terms.

#### *II. Aggregate Principal Amount and Specified Denomination*

The Securities will be issued either with an aggregate principal amount or with a certain number of units, as specified in the relevant Terms and Conditions of the Securities.

The Securities will be issued either with a specified denomination or with a par value per unit, as specified in the relevant Terms and Conditions of the Securities.

#### *III. Currency*

Subject to compliance with all applicable legal or regulatory requirements, the Securities may be issued in any currency, including, but not limited to, U.S. dollar ("**USD**"), Euro ("**EUR**"), Pound Sterling ("**GBP**"), Japanese Yen ("**JPY**"), Swiss Francs ("**CHF**"), Australian Dollar ("**AUD**") and Hong Kong Dollar ("**HKD**").

#### *IV. Form of the Securities*

The Securities may, as the case may be, and as specified in the relevant Terms and Conditions of the Securities, be issued, in the case of German law governed Securities, as bearer securities, or, in the case of Swiss law governed Securities, in dematerialised book-entry form. In either case, there are no restrictions on the free transferability of the Securities.

##### *1. German Law Governed Securities Represented by a Global Note*

German law governed Securities are issued in bearer form and will be represented on issue by either a permanent global note or, as specified in the relevant Terms and Conditions of the Securities, by a temporary global note (a "**Temporary Global Note**") exchangeable upon certification of non-U.S. beneficial ownership for a permanent global note (a "**Permanent Global Note**", and together with the Temporary Global Note, a "**Global Note**"). No Securities will be issued in definitive form, and the Holders are not entitled to request delivery of definitive Securities.

Global Notes are deposited either with Clearstream Banking AG, Frankfurt am Main ("**Clearstream, Frankfurt**"), Clearstream Banking *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**"), or Euroclear Bank SA/NV ("**Euroclear**"), which will be specified as Clearing System in the relevant Terms and Conditions of the Securities, or a depository for such Clearing System. The depository on behalf of Clearstream, Luxembourg and Euroclear, shall be a common depository.

## 2. Swiss Law Governed Securities Issued as Intermediated Securities

Swiss law governed Securities are issued in the form of intermediated securities (*Bucheffekten*; the "**Intermediated Securities**") pursuant to the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*; the "**FISA**"). The Intermediated Securities are created based on global notes (*Globalurkunden*, "**Global Notes**") pursuant to article 973b of the Swiss Federal Code of Obligations ("**CO**") or uncertificated securities (*Wertrechte*; "**Uncertificated Securities**") pursuant to article 973c CO by (a) depositing the Global Notes with a depository (*Verwahrungsstelle*) in accordance with the FISA (the "**Main Depository**") or entering the Uncertificated Securities into the main register of a Main Depository, and (b) making a credit entry into one or more securities accounts (*Effektenkonten*). The Issuer will usually choose SIX SIS AG, Baslerstrasse 100, 4600 Olten, Switzerland ("**SIX SIS**") as Main Depository, but reserves the right to choose any other depository permitted under article 4 FISA as Main Depository (including UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland).

The records of the Main Depository will determine the number of Securities held by each participant of the Main Depository. The Holders of such Intermediated Securities will be the persons holding such Intermediated Securities in a securities account (*Effektenkonto*) (that is in their own name) with an intermediary, it being understood that entities qualifying as intermediaries according to the FISA will only be deemed to be "Holders" if they hold the Securities for their own account in a securities account (*Effektenkonto*) (that is in their own name) with another intermediary (and the terms "**Holder**" and "**holder of Securities**" and related expressions shall be construed accordingly). Intermediated Securities are transferred and otherwise disposed of in accordance with the provisions of the FISA and the relevant agreements with the respective Main Depository (in particular, neither the Intermediated Securities nor any rights pertaining to the Intermediated Securities may be transferred by way of assignment pursuant to articles 165 *et seq.* CO without the prior written consent of the Issuer).

Holders shall at no time have the right to effect or demand (a) the conversion of Uncertificated Securities into definitive Securities (or *vice versa*) and/or (b) delivery of definitive Securities (including Global Notes). The Issuer may convert Global Notes (constituting the basis for Intermediated Securities) into Uncertificated Securities (constituting the basis for Intermediated Securities) and *vice versa* at any time and without the consent of the Holders.

## V. Clearance and Settlement of Securities

The information set out below is subject to changes in or reinterpretation of the rules, regulations and procedures of SIX SIS, Clearstream, Frankfurt, Clearstream, Luxembourg and Euroclear or any other Clearing System, specified as "**Clearing System**" in the applicable Terms and Conditions of the Securities from time to time. Investors wishing to use the facilities of any Clearing System must check the rules, regulations and procedures of the relevant Clearing System which are in effect at the relevant time.

### 1. General

The Securities will be cleared through SIX SIS, Clearstream, Frankfurt, Clearstream, Luxembourg and/or Euroclear.

The Common Code, the International Securities Identification Number (ISIN) and/or identification number for any other Clearing System, as the case may be, will be specified in the relevant Final Terms.

### 2. SIX SIS

SIX SIS is a wholly owned subsidiary of SIX Group Ltd. and is a bank supervised by the Swiss Financial Market Supervisory Authority.

SIX SIS acts as the central securities depository and settlement institution for the following Swiss securities: equities, government and private sector bonds, money market instruments, exchange traded funds, conventional investment funds, structured products, warrants and other derivatives. Apart from providing custody and settlement for Swiss securities, SIX SIS acts as global custodian and offers its participants access to custody and settlement in foreign financial markets. SIX SIS offers direct links to



other international central securities depositories and central securities depositories including Clearstream, Frankfurt, Clearstream, Luxembourg and Euroclear.

The address of SIX SIS is SIX SIS AG, Baslerstrasse 100, 4600 Olten, Switzerland.

### 3. Clearstream, Frankfurt

Clearstream, Frankfurt is a wholly owned subsidiary of Clearstream International S.A., Luxembourg and is established and incorporated in Germany as a stock corporation. Clearstream, Frankfurt is a licensed central securities depository in accordance with the provisions of the Securities Deposit Act (*Depotgesetz*) and is supervised by the Competent Authority.

Clearstream, Frankfurt holds securities for its customers and facilitates the clearance and settlement of securities transactions by book entry transfers between their accounts. Clearstream, Frankfurt provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Indirect access to Clearstream, Frankfurt is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream, Frankfurt.

The address of Clearstream, Frankfurt is Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany.

### 4. Clearstream, Luxembourg

Clearstream, Luxembourg was incorporated in 1970 as a limited company under Luxembourg law. It is registered as a bank in Luxembourg, and as such is subject to regulation by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which supervises Luxembourg banks.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions by book entry transfers between their accounts. Clearstream, Luxembourg provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in several countries through established depository and custodial relationships. Over 300,000 domestic and internationally traded bonds, equities and investment funds are currently deposited with Clearstream, Luxembourg. Currently, Clearstream, Luxembourg has approximately 2,500 customers in over 110 countries. Indirect access to Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg.

The address of Clearstream, Luxembourg is Clearstream Banking *société anonyme*, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### 5. Euroclear

The Euroclear System was created in 1968 to hold securities for participants in Euroclear ("**Euroclear Participants**") and to effect transactions between Euroclear Participants through simultaneous book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfer of securities and cash. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear group reshaped its corporate structure in 2000 and 2001, transforming the Belgian company Euroclear Clearance System (*Société Coopérative*) into Euroclear Bank SA/NV, which now operates the Euroclear System. In 2005, a new Belgian holding company, Euroclear SA/NV, was created as the owner of all the shared technology and services supplied to each of the Euroclear Central Securities Depositories and the International Central Securities Depository (the "**ICSD**"). Euroclear SA/NV is owned by Euroclear plc, a company organised under the laws of England and Wales, which is owned by market participants using Euroclear services as members.

As an ICSD, Euroclear provides settlement and related securities services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds, and offers clients a single access point to post-trade services in over 40 markets.

Distributions with respect to interests in Securities held through Euroclear will be credited to the Euroclear cash accounts of Euroclear Participants to the extent received by Euroclear's depository, in accordance with the Euroclear terms and conditions. Euroclear will take any other action permitted to be taken by a holder of any such Securities on behalf of a Euroclear Participant only in accordance with the Euroclear terms and conditions.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium.

## ***VI. Status of the Securities***

The obligations under the Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations as may be preferred by mandatory provisions of law.

## ***VII. Early Redemption of the Securities***

### ***1. Early Redemption Following the Occurrence of a Change in Law, Hedging Disruption and/or Increased Cost of Hedging***

The Issuer may give notice to the Holders and redeem the Securities in whole, but not in part, at any time at their Early Redemption Amount in case of a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging (all as defined in the Terms and Conditions of the Securities).

### ***2. Tax Call***

The Securities may, if the Terms and Conditions of the Securities so provide, be subject to an early redemption by the Issuer due to a change in tax laws as further set out in the Terms and Conditions of the Securities. The Securities shall be redeemed at their Early Redemption Amount (as defined in the Terms and Conditions of the Securities) at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) by settlement in accordance with the Terms and Conditions of the Securities if (a) on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions of the Securities) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in the Terms and Conditions of the Securities) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date (as defined in the Terms and Conditions of the Securities); and (b) such obligation cannot be avoided by the Issuer taking reasonable measures (but no substitution of the Issuer pursuant to the Terms and Conditions of the Securities) available to it.

### ***3. Event of Default***

In case an Event of Default occurs (see §8 of the Terms and Conditions of the Securities), each Holder may by written notice to the Issuer declare its Securities in whole, but not in part, to be forthwith due and payable, whereupon (in the case of Open End Accrual Securities) the Reference Rate Linked Redemption Amount which would have been payable if the date such written notice was received by the Issuer had been a Roll Date, (in the case of Exchange Traded Tracker and Open End Daily Accrual Securities) the Underlying Linked Redemption Amount accrued until the date such written notice was received by the Issuer, (in the case of Open End Securities on a Bond Basket) an amount which equals the Bond Linked Redemption Amount which would have been payable if the date such written notice was received by the Issuer had been a Roll Date, or (in the case of Extendible Money Market Certificates) the Specified Denomination or Par Value, as the case may be and as specified in the Terms and Conditions of such Securities, together with accrued interest, if any, shall become due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer.

### ***VIII. Prescription***

In the case of Securities governed by German law, the presentation period provided in §801 paragraph 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Securities

In the case of Securities governed by Swiss law, claims of any kind against the Issuer arising under the Securities will be prescribed ten years after the earlier of (a) the date on which the early redemption or (b) the date on which the ordinary redemption of the Securities has become due.

### ***IX. Governing Law and Jurisdiction***

The Securities are governed either by German law or by Swiss law, as specified in the relevant Terms and Conditions of the Securities. The exclusive place of jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Securities shall be, in the case of Securities governed by German law, the District Court (*Landgericht*) of Frankfurt am Main, Federal Republic of Germany, or, in the case of Securities governed by Swiss law, the courts of Zurich (1), Switzerland, each as specified in the relevant Terms and Conditions of the Securities.

### ***X. Listing and Trading of the Securities***

The Issuer does neither intend to apply for the listing of the Securities nor for the admission to trading of the Securities on a regulated market or the inclusion to trading in the open market of any securities exchange.

### ***XI. Rating of the Securities***

Securities issued under the Base Prospectus may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The relevant Final Terms will state whether the Securities are rated or not and, if rated, specify the rating.

## **C. Economic Structure of the Securities**

### ***I. Open End Accrual Securities***

#### ***1. Open End Rate Accrual Securities***

Open End Rate Accrual Securities allow Holders to participate in the positive development of the underlying as specified in the Terms and Conditions of the Securities (the "**Underlying**"). Conversely, Holders also participate in the negative development of the Underlying. The Securities entitle the Holders upon exercise of either the Holder's Put or the Issuer's Call option (both as specified in the Terms and Conditions of the Securities) to receive on the Optional Redemption Date or the Put Redemption Date (as defined in the Terms and Conditions of the Securities) the payment of the Reference Rate Linked Redemption Amount (as defined below).

The "**Reference Rate Linked Redemption Amount**" means an amount per Open End Rate Accrual Security which accretes daily, based on the prevailing Fixing Rate which is adjusted on each Fixing Date (as specified in the Terms and Conditions of the Securities). The prevailing Fixing Rate is based on the value of the Underlying plus or minus the spread (if provided for in the Terms and Conditions of the Securities) and minus the management fee (if provided for in the Terms and Conditions of the Securities) (both as specified in the Terms and Conditions of the Securities) (the "**Fixing Rate**"). The Reference Rate Linked Redemption Amount per Open End Rate Accrual Security will be equal to the product of the Specified Denomination or Par Value, as the case may be, of the Open End Rate Accrual Security and the Accretion Factor (as defined in the Terms and Conditions of the Securities) which is determined on the basis of all relevant Fixing Rates.

If the Terms and Conditions of the Securities provide for an automatic early termination, a check will be performed on each Fixing Date as to whether the Fixing Rate on such date is less than or, if so provided for in the Terms and Conditions of the Securities, equal to the automatic early redemption level as specified in the Terms and Conditions of the Securities. In such case, the Open End Rate Accrual

Securities will be redeemed on a day which falls a certain number of business days after such Fixing Date (as specified in the Terms and Conditions of the Securities) at the Reference Rate Linked Redemption Amount on such Fixing Date.

During the term of the Securities, the Holder is not entitled to receive any payments of interest.

### *2. Exchange Traded Tracker Securities*

The Securities allow Holders to participate in the positive development of the underlying specified in the Terms and Conditions of the Securities (the "**Underlying**"). Conversely, Holders also participate in the negative development of the Underlying. Exchange Traded Tracker Securities entitle the Holders upon exercise of either the Holder's Put or the Issuer's Call to receive on the redemption date the payment of the Underlying Linked Redemption Amount (as defined below).

The "**Underlying Linked Redemption Amount**" means an amount per Exchange Traded Tracker Security which accretes daily, based on the value of the Underlying on each Fixing Date (as specified in the Terms and Conditions of the Securities). The accretion is calculated on the basis of the value of the Underlying plus or minus the spread (if provided for in the Terms and Conditions of the Securities) and minus the management fee (if provided for in the Terms and Conditions of the Securities) (both as specified in the Terms and Conditions of the Securities).

During the term of the Securities, the Holder is not entitled to receive any payments of interest.

### *3. Open End Daily Accrual Securities*

The Securities allow Holders to participate in the positive development of the Underlying. Conversely, Holders also participate in the negative development of the Underlying. Open End Daily Accrual Securities entitle the Holders upon exercise of either the Holder's Put or the Issuer's Call to receive on the redemption date the payment of the Underlying Linked Redemption Amount (as defined below).

The "**Underlying Linked Redemption Amount**" means an amount per Open End Daily Accrual Security which accretes daily, based on the value of the Underlying on each Fixing Date (as specified in the Terms and Conditions of the Securities). The accretion is calculated on the basis of the value of the Underlying plus or minus the spread (if provided for in the Terms and Conditions of the Securities) and minus the management fee (if provided for in the Terms and Conditions of the Securities) (both as specified in the Terms and Conditions of the Securities).

In the case of Open End Daily Accrual Securities and if the Terms and Conditions of the Securities provide for an automatic early termination, a check will be performed on each Fixing Date as to whether the value of the Underlying plus or minus the spread (if provided for in the Terms and Conditions of the Securities) and minus the management fee (if provided for and specified in the Terms and Conditions of the Securities) on such date is less than or, if so provided for in the Terms and Conditions of the Securities, equal to the automatic early redemption level as determined in the Terms and Conditions of the Securities. In such case, the Securities will be redeemed at the Underlying Linked Redemption Amount on such Fixing Date, a certain number of business days after such Fixing Date (as specified in the Terms and Conditions of the Securities).

During the term of the Securities, the Holder is not entitled to receive any payments of interest.

## *II. Open End Securities on a Bond Basket*

Open End Securities on a Bond Basket allow Holders to participate in the positive development of an underlying basket of notes (the "**Underlying**"). Conversely, Holders also participate in the negative development of the Underlying. The Open End Securities on a Bond Basket entitle the Holders upon exercise of either a Holder's Put or an Issuer's Call (both as specified in the Terms and Conditions of the Securities) to receive on the redemption date the payment of the Bond Linked Redemption Amount (as defined below).

The "**Bond Linked Redemption Amount**" means an amount per Open End Security on a Bond Basket which represents the *pro rata* share of the liquidation proceeds of the Basket (as defined below), comprising the relevant notes (calculated at the "best execution" bid-price), coupon payments received

on any notes (to the extent not reinvested in any notes) and any other remaining cash amounts (if any) allocated to the Basket minus accumulated and accreted management fees of the Open End Securities on a Bond Basket.

"**Basket**" means a basket of notes specified in the Terms and Conditions of the Securities (each note, a "**Basket Component**").

The composition of the Basket may be varied from time to time in the event of an occurrence of an Adjustment Event (as defined below). Any payments or proceeds received upon the occurrence of an Adjustment Event will be reinvested in accordance with the Terms and Conditions of the Securities.

"**Adjustment Event**" means (a) the receipt of a coupon payment in respect of a Basket Component; (b) the receipt of final redemption proceeds on the maturity of a Basket Component; or (c) the occurrence of a Replacement Event (as defined in the Terms and Conditions of the Securities).

### *III. Extendible Money Market Certificates*

#### 1. Extendible Money Market Certificates with an Extension Option of the Issuer

Extendible Money Market Certificates entitle the Holders to receive on the relevant Maturity Date (as specified in the Terms and Conditions of the Securities) the payment of the Specified Denomination or Par Value, as the case may be, of the Securities to be redeemed on such Maturity Date. As a result, the Extendible Money Market Certificates are capital-protected if they are not redeemed early. Additionally the Holders will receive the accrued interest.

The Extendible Money Market Certificates have an initial term until the Initial Maturity Date which may be extended by further periods each time the Issuer exercises its Issuer's Extension Option (both as specified in the Terms and Conditions of the Securities).

The redemption scenarios under the Securities can be described as follows:

- (a) If the Issuer does not exercise its Issuer's Extension Option, the Extendible Money Market Certificates will be redeemed at the Redemption Amount (as defined below) on the Initial Maturity Date (as specified in the Terms and Conditions of the Securities). In case the Issuer has already exercised an Issuer's Extension Option but decides to not exercise any further Issuer's Extension Options, the Extendible Money Market Certificates will be redeemed on the maturity date determined by the Issuer in its immediately preceding Issuer Exercise Option Exercise Notice (as defined in the Terms and Conditions of the Securities).
- (b) If the Issuer exercises its Issuer's Extension Option, each Holder has the option to ask for redemption of the Extendible Money Market Certificates held by such Holder at the Put Redemption Amount by exercising its Investor's Put Option (all as specified and defined in the Terms and Conditions of the Securities) on a day which falls a certain number of calendar days prior to the respective maturity date (the "**Investor's Put Option Exercise Date**"). If the Holder has exercised its Investor's Put Option, the Securities held by such Holder will be redeemed on a day which falls a certain number of calendar days after the Investor's Put Option Exercise Date.
- (c) If following the exercise of the Issuer's Extension Option by the Issuer a Holder does not exercise the Investor's Put Option, the maturity date of the Securities will be extended by a period determined by the Issuer in its Issuer's Extension Option Exercise Notice (as defined in the Terms and Conditions of the Securities).

The "**Redemption Amount**" will be equal to the product of the Specified Denomination or Par Value, as the case may be, of the Extendible Money Market Certificate and the relevant accretion factor for each Accrual Period. "**Accrual Period**" means, in the case of the first accrual period, the period from, and including, the Issue Date to, but excluding, the Initial Maturity Date, in the case of the second accrual period, the period from, and including, the Initial Maturity Date to, but excluding, the following Extended Maturity Date, and, thereafter, in the case of any period between two successive Extended Maturity Dates, the period from, and including, one Extended Maturity Date to, but excluding, the following Extended Maturity Date. The accretion factor is calculated based on the relevant Bonus Rate which is

determined in respect of each of the Accrual Periods by the Issuer and published in the respective Issuer's Extension Option Exercise Notice for the immediately following Accrual Period.

The "**Put Redemption Amount**" will be equal to the product of the Specified Denomination or Par Value, as the case may be, of the Extendible Money Market Certificate and the relevant accretion factor for each Accrual Period. The accretion factor for each Accrual Period (with the exception of the last Accrual Period) is calculated based on the Bonus Rate published in the relevant Issuer's Extension Option Exercise Notice for the immediately following Accrual Period. For the last Accrual Period, the accretion factor is calculated based on the Put Rate published in the Issuer's Extension Option Exercise Notice published immediately prior to the Investor's Put Option Exercise Date on which the Holder has duly exercised its Investor's Put Option.

The applicable Bonus Rate and Put Rate are only fixed for the first Accrual Period, but are, in case the Issuer's Extension Option is exercised, determined by the Issuer for all following Accrual Periods.

## 2. Extendible Money Market Certificates with an Automatic Extension

Extendible Money Market Certificates entitle the Holders to receive on the relevant Maturity Date (as specified in the Terms and Conditions of the Securities) the payment of the Specified Denomination or Par Value, as the case may be, of the Securities to be redeemed on such Maturity Date. As a result, the Extendible Money Market Certificates are capital-protected if they are not redeemed early. Additionally the Holders will receive the accrued interest.

The Extendible Money Market Certificates have an initial term until the Initial Maturity Date which may be automatically extended by further periods each time the Issuer does not exercise its Issuer's Call Option (both as specified in the Terms and Conditions of the Securities).

The redemption scenarios under the Securities can be described as follows:

- (a) If the Issuer exercises its Issuer's Call Option, the Extendible Money Market Certificates will be redeemed at the Redemption Amount (as defined below) on the Initial Maturity Date (as specified in the Terms and Conditions of the Securities). In case the Securities have already been automatically extended by one Accrual Period and the Issuer decides to terminate the Securities by exercising the Issuer's Call Option, the Extendible Money Market Certificates will be redeemed on the Extended Maturity Date determined by the Issuer in the Issuer's Extension Rate Notice (all as defined in the Terms and Conditions of the Securities).
- (b) If the Issuer does not exercise its Issuer's Call Option (and, as a consequence, the Securities will be automatically extended by one Accrual Period), each Holder has the option to ask for redemption of the Extendible Money Market Certificates held by such Holder at the Put Redemption Amount by exercising its Investor's Put Option (all as specified and defined in the Terms and Conditions of the Securities) on a day which falls a certain number of calendar days prior to the respective maturity date (the "**Investor's Put Option Exercise Date**"). If the Holder has exercised its Investor's Put Option, the Securities held by such Holder will be redeemed on a day which falls a certain number of calendar days after the Investor's Put Option Exercise Date (in each case as specified in the Terms and Conditions of the Securities).
- (c) If following the Automatic Extension a Holder does not exercise the Investor's Put Option, the maturity date of the Securities will be extended by a period determined by the Issuer in its Issuer's Extension Rate Notice (as defined in the Terms and Conditions of the Securities).

The "**Redemption Amount**" will be equal to the product of the Specified Denomination or Par Value, as the case may be, of the Extendible Money Market Certificate and the relevant accretion factor for each Accrual Period. "**Accrual Period**" means, in the case of the first accrual period, the period from, and including, the Issue Date to, but excluding, the Initial Maturity Date, in the case of the second accrual period, the period from, and including, the Initial Maturity Date to, but excluding, the following Extended Maturity Date, and, thereafter, in the case of any period between two successive Extended Maturity Dates, the period from, and including, one Extended Maturity Date to, but excluding, the following Extended Maturity Date. The accretion factor is calculated based on the relevant Bonus Rate which is

determined in respect of each of the Accrual Periods by the Issuer and published in the respective Issuer's Extension Rate Notice for the immediately following Accrual Period.

The "**Put Redemption Amount**" will be equal to the product of the Specified Denomination or Par Value, as the case may be, of the Extendible Money Market Certificate and the relevant accretion factor for each Accrual Period. The accretion factor for each Accrual Period (with the exception of the last Accrual Period) is calculated based on the Bonus Rate published in the relevant Issuer's Extension Rate Notice for the immediately following Accrual Period. For the last Accrual Period, the accretion factor is calculated based on the Put Rate published in the Issuer's Extension Rate Notice published immediately prior to the Investor's Put Option Exercise Date on which the Holder has duly exercised its Investor's Put Option.

The applicable Bonus Rate and Put Rate are fixed for the first Accrual Period, but are, in case of an Automatic Extension, determined by the Issuer for any following Accrual Period in the relevant Issuer's Extension Rate Notice.

#### **D. Description of the Offer**

##### *I. Distribution*

There will be no public offer of the Securities. Securities will be distributed by way of private placement.

##### *II. Issue Price of the Securities*

The Securities will be offered on the basis of an issue price as determined by the Issuer and as set out in the relevant Final Terms. The relevant issue price will be determined on the basis of various factors, including but not limited to, a rating of the Securities and the Issuer, if any, the term of the Securities, the interest applicable to the Securities and current market conditions, such as current market interest rates.

**III. *Conditions to which the Offer is Subject***

The relevant Final Terms will specify the conditions, to which the offer of the Securities is subject, if applicable.

**IV. *Application Process and Process for Notification in Connection with the Placement and Distribution of the Securities; Reduction of Subscriptions***

Investors who are interested in subscribing any Securities should ask their financial adviser or bank with regard to the procedure in connection with a subscription of the Securities.

Investors will be informed on the basis of the excerpt of their custody account with regard to the successful subscription or placement of the Securities. Payment for the Securities by the investor will be effected as of or prior to the issue date of the Securities. There is no specific manner for refunding excess amounts paid by any applicants. Dealings in the Securities may not take place prior to allotment of the Securities.

Generally, investors will not have the possibility to reduce subscriptions.

**V. *Minimum and/or Maximum Amount of Application***

The relevant Final Terms will specify any minimum and/or maximum amount of application concerning the subscription of the Securities.

**VI. *Various Categories of Potential Investors to which the Securities May Be Offered***

Securities may be offered to professional investors in Hong Kong and Singapore.

If an offer of Securities is being made simultaneously in Hong Kong and Singapore there will not be a tranche of such Securities which will be reserved for one or more of such countries.

**VII. *Method and Time Limits for Paying up the Securities and for Delivery of the Securities.***

The relevant Final Terms will specify the method and time limits for paying up the Securities and for delivery of the Securities.

**VIII. *Coordinators of the Offer***

The relevant Final Terms will specify the coordinators of the offer of the Securities.

**IX. *Underwriting***

The relevant Final Terms will specify the name(s) and address(es) of the entity/entities agreeing to underwrite the issue on a firm commitment basis, the name(s) and address(es) of the entity/entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements, and the date of the subscription agreement, if applicable.

**X. *Market Making***

If the relevant Final Terms so specify, the Issuer and/or a Manager, as applicable, will, under normal market conditions, provide bid and offer prices for the Securities on a regular basis. The Issuer and such Manager, if so applicable, make no firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer prices for the Securities, and assume no legal obligation to quote any such prices or with respect to the level or determination of such prices. The relevant Final Terms will specify the name(s) and address(es) of the entity/entities which will act as intermediaries in secondary trading, if so applicable, providing liquidity through bid and offer prices and will include a description of the main terms of its/their commitments, if applicable.



**TERMS AND CONDITIONS OF THE SECURITIES  
(EMISSIONSBEDINGUNGEN DER WERTPAPIERE)**

**Option I – Open End Accrual Securities**

**§1**

**(Currency. Denomination. Form. Clearing System. Certain Definitions)**

- (1) *Currency. Denomination. Form.* This Series of Securities (the "**Securities**") of UBS AG [„Bahnhofstrasse 45, CH-8001 Zurich / Aeschenvorstadt 1, CH-4051 Basel,] *[[In case UBS AG, Hong Kong Branch is the Issuer insert:]*, acting through UBS AG, Hong Kong Branch, 2 International Finance Centre, 52/F, 8 Finance Street, Central, Hong Kong] *[[In case UBS AG, Jersey Branch is the Issuer insert:]*, acting through UBS AG, Jersey Branch, 24 Union Street, St. Helier JE2 3RF, Jersey, Channel Islands,] *[[In case UBS AG, London Branch is the Issuer insert:]*, acting through UBS AG, London Branch, 1 Finsbury Avenue, GB-London EC2M 2PP,] (the "**Issuer**") is issued in *[[In the case of Securities having a specified denomination insert:]* *[insert currency]* ("*[insert abbreviation of the currency]*") or the "**Currency**") in an aggregate principal amount of [up to] *[insert amount [\*]]* on *[insert issue date]* (the "**Issue Date**") in a denomination of *[insert denomination]* (the "**Specified Denomination**").] *[[In the case of Securities having a par value insert:]* [up to] *[insert number of units [\*]]* units in *[insert currency]* (the "**Currency**") on *[insert issue date]* (the "**Issue Date**") having a par value of *[insert par value]* each (the "**Par Value**").] The Securities are being issued in *[[In the case of Securities issued in bearer form insert:]* bearer form] *[[In the case of Securities issued in the form of Intermediated Securities insert:]* the form of intermediated securities (*Bucheffekten*; the "**Intermediated Securities**") pursuant to the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*; the "**FISA**").]

*[[In the case of TEFRA C Securities insert:]*

- (2) *Permanent Global Note.* The Securities are represented by a permanent global note (the "**Permanent Global Note**" or "**Global Note**") without coupons which shall be signed manually by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent. The Holders are not entitled to request delivery of definitive Securities.]

*[[In the case of TEFRA D Securities insert:]*

- (2) *Temporary Global Note – Exchange.*
- (a) The Securities are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons which will be exchangeable for a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, each a "**Global Note**") without coupons. Each Global Note shall be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. The Holders are not entitled to request delivery of definitive Securities.
- (b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the Issue Date. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Note is (are) not U.S. person(s). Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Note as described above. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.]

*[[In the case of Intermediated Securities insert:]*

- (2) *Intermediated Securities.* The Intermediated Securities are created based on global notes (*Globalurkunden*; "**Global Notes**") pursuant to article 973b of the Swiss Federal Code of Obligations ("**CO**") or uncertificated securities (*Wertrechte*; "**Uncertificated Securities**") pursuant to article 973c CO by (a) depositing the Global Notes with a depository (*Verwahrungsstelle*) in accordance with the FISA (the "**Main Depository**") or entering the Uncertificated Securities into the main register of a Main Depository, and (b) making a credit entry into one or more securities accounts (*Effektenkonten*). The Issuer will usually choose SIX SIS AG, Baslerstrasse 100, CH-4600 Olten ("**SIX SIS**") as Main Depository, but reserves the right to choose any other depository permitted under article 4 FISA as Main Depository (including UBS Switzerland AG, Bahnhofstrasse

\* The aggregate principal amount will be determined [at the end of the Subscription Period] depending on the demand for the Securities [during the Subscription Period].

\*\* The number of units will be determined [at the end of the Subscription Period] depending on the demand for the Securities [during the Subscription Period].

45, CH-8001 Zurich).

The records of the Main Depository will determine the number of Securities held by each participant of the Main Depository.

The Intermediated Securities are transferred and otherwise disposed of in accordance with the provisions of the FISA and the relevant agreements with the respective Main Depository (in particular, neither the Intermediated Securities nor any rights pertaining to the Intermediated Securities may be transferred by way of assignment pursuant to articles 165 *et seq.* CO without the prior written consent of the Issuer).

Holders shall at no time have the right to effect or demand (a) the conversion of Uncertificated Securities into definitive Securities (or *vice versa*) and/or (b) delivery of definitive Securities (including Global Notes).

The Issuer may convert Global Notes (constituting the basis for Intermediated Securities) into Uncertificated Securities (constituting the basis for Intermediated Securities) and *vice versa* at any time and without the consent of the Holders.]

- (3) *Clearing System.* **[[In the case of Securities, which are not Intermediated Securities, insert:]** Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Securities have been satisfied.] **"Clearing System"** means **[[In the case more than one Clearing System shall be applicable insert:]** each of] the following: [Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**") [,] [and] [Clearstream Banking *société anonyme*, Luxembourg ("**Clearstream Luxembourg**") [,] [and] [Euroclear Bank SA/NV ("**Euroclear**") [,] [and] [SIX SIS] [,] [and] [*insert other Clearing System*] or any successor **[[In the case more than one Clearing System shall be applicable insert:]** of one of these Clearing Systems] in this capacity.
- (4) *Holder of Securities.* **"Holder"** means **[[In the case of Securities, which are not Intermediated Securities, insert:]** any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System] **[[In the case of Intermediated Securities insert:]** each person holding any Security in a securities account (*Effektenkonto*) (that is in its own name) with an intermediary, it being understood that entities qualifying as intermediaries according to the FISA will only be deemed to be "Holders" if they hold the Securities for their own account in a securities account (*Effektenkonto*) (that is in their own name) with another intermediary].
- (5) *Business Day.* **"Business Day"** means a day (other than Saturday and Sunday) on which **[[In case financial centres and TARGET shall be open and/or operating insert:]** (a) **[[In case financial centres shall be open insert:]** banks are open for business (including dealings in foreign exchange and foreign currency deposits) in [Luxembourg] [,] [and] [Zurich] [,] [and] [*insert all relevant financial centres*] **[[In case financial centres and TARGET shall be open and/or operating insert:]** and (b) **[[In case TARGET shall be operating insert:]** all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET 2**") are operating to effect payments in Euro].
- (6) *United States.* **"United States"** means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

## §2 (Status. Classification)

- (1) *Status.* The obligations under the Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations as may be preferred by mandatory provisions of law.
- (2) *Classification of the Securities.* The Securities do not represent a participation in any of the collective investment schemes pursuant to article 7 *et seq.* of the Swiss Federal Act on Collective Investment Schemes, as amended from time to time (the "**CISA**") and thus do not require an authorisation of the Swiss Financial Market Supervisory Authority (the "**FINMA**"). Therefore, Holders are not eligible for the specific investor protection under the CISA. Furthermore, the Securities do not benefit from any depositor protection under article 37b of the Swiss Federal Law on Banks and Savings Banks, as amended from time to time or other forms of deposit insurance under any other laws as might be applicable to the Securities.

## §3 (Interest)

- (1) *No periodic payments of interest.* There will not be any periodic payments of interest on the Securities.

- (2) *Default Interest.* If the Issuer fails to redeem the Securities when due, interest shall accrue on the outstanding **[[In the case of Securities having a specified denomination insert:] Specified Denomination] [[In the case of Securities having a par value insert:] Par Value]** of the Securities from, and including, the due date for redemption to, but excluding, the date of actual redemption of the Securities at the default rate of interest established by law **[[In case of Securities governed by German law insert:]<sup>1</sup> ]**. This does not affect any additional rights that might be available to the Holders].

**[[In case of Open End Rate Accrual Securities insert:]**

**§4  
(Redemption)**

- (1) *Redemption.* The Securities are open-end and hence have no fixed maturity date.
- (2) **[[In case the Issuer is required to pay additional amounts in case of a tax withholding or deduction in accordance with §6 insert:] Tax Call.** The Securities shall be redeemed at their Early Redemption Amount at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) by settlement in accordance with §5 if (a) on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts (as defined in §6) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in §6) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (b) such obligation cannot be avoided by the Issuer taking reasonable measures (but no substitution of the Issuer pursuant to §10) available to it. Before the publication of any notice of redemption pursuant to this subparagraph, the Issuer shall deliver to the Holders a copy of a certificate signed by the management of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and a copy of an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.]

- (2)(3) *Issuer's Call.* [The Issuer may call all the Securities then outstanding [by publishing a notice on the website [<http://www.ubs.com/quotes>] **insert other publication page** or any successor or replacement address thereto] on **[[insert Call Option Date(s)] [and afterwards each [insert Call Option Date(s)]] [each year], starting with [insert first Call Option Date] [the day that is [10] [insert other number of days] [Business Days] [calendar days] before each Roll Date] (each a "Call Option Exercise Date").** In case of an Issuer's call the Securities will be redeemed at the Reference Rate Linked Redemption Amount (as defined under §4a) as of the relevant Roll Date, **[[10] [insert other number of days] [Business Days] [calendar days] after the Call Option Exercise Date] [on the relevant Roll Date] [[10] [insert other number of days] [Business Days] [calendar days] after the relevant Roll Date] (each an "Optional Redemption Date").** [There is no requirement of an exercise notice by the Issuer.] [To exercise the issuer's call option, the Issuer has to send a notice to the Calculation Agent which has to be received by the Calculation Agent no later than **insert time** [a.m.] [p.m.] (**insert place**) time] on such Call Option Exercise Date.]

[The Issuer may call all Securities then outstanding on each [Roll Date] **insert other date(s)** [starting on **insert date**] upon giving notice [(a) to the Holders [through the relevant Clearing System] not less than **10 [insert other number of days] [Business Days] [calendar days] before such [Roll Date] [date] [and (b) to the [Principal Paying Agent] [insert other addressee] not less than 7 [insert other number of days] [Business Days] [calendar days] before the giving of the notice referred to in (a)].** In case of an Issuer's call the Securities will be redeemed [on the relevant Roll Date] **[[10] [insert other number of days] [Business Days] [calendar days] after the relevant Roll Date]** at the Reference Rate Linked Redemption Amount (as defined under §4a) as of such Roll Date. **[[The notice[s] sent by the Issuer shall be irrevocable [and shall specify the Reference Rate Linked Redemption Amount for each Security]].**

- (3)(4) **[[In case an Automatic Redemption is applicable, insert:] Automatic Redemption.** If on any Fixing Date the Fixing Rate is [less than **insert automatic early redemption level**] [or equal to **insert automatic early redemption level**] **insert other redemption requirement**, the Securities will be redeemed at the Automatic Redemption Amount **10 [insert other number of Business Days]** Business Days after such Fixing Date. There is no requirement of an exercise notice by the Issuer.]

- (3)(4)(5) *Holder's Put.* [Each Holder has the option, [on each **insert Put Option Exercise Date(s)**] [and afterwards on each **insert Put Option Exercise Date(s)**] [each year], starting with **insert first Put Option Exercise Date(s)**] [on the day that is **10 [insert other number of days]** [Business Days] [calendar

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<sup>1</sup> The default rate of interest *per annum* established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§288 (1), 247 (1) German Civil Code.

days] before each Roll Date] (each a "Put Option Exercise Date"), whereby notice has to be received by the [Calculation Agent] [Issuer] through the relevant Clearing System no later than [insert time] [a.m.] [p.m.] ([insert place] time) on such Put Option Exercise Date, to put the Securities then outstanding and held by such Holder. In case of a Holder's put the Issuer will redeem all Securities then outstanding and held by such Holder at the Reference Rate Linked Redemption Amount (as defined under §4a) as of the corresponding Roll Date, [[10] [insert other number of days] [Business Days] [calendar days] after the Put Option Exercise Date] [on the relevant Roll Date] [[10] [insert other number of days] [Business Days] [calendar days] after the relevant Roll Date] (each a "Put Redemption Date"). [[To exercise the Holder's put option the Holder must submit a duly completed option exercise notice in the form obtainable from any paying agent or from the Issuer.] [No option so exercised may be revoked or withdrawn.]]

[Each Holder may put all Securities then outstanding and held by such Holder on each [Roll Date] [insert other date(s)] [starting on [insert date]] upon giving notice to the [Calculation Agent] [Issuer] [through the relevant Clearing System] not less than [10] [insert other number of days] [Business Days] [calendar days] [nor more than [30] [insert other number of days] [Business Days] [calendar days]] before each [Roll Date] [insert other date(s)]. In case of a Holder's put the Issuer will redeem all Securities then outstanding and held by such Holder [on the relevant Roll Date] [[10] [insert other number of days] [Business Days] [calendar days] after the relevant Roll Date] (each a "Put Redemption Date") at the Reference Rate Linked Redemption Amount (as defined under §4a) as of such Roll Date. [[To exercise the Holder's put option the Holder must submit a duly completed option exercise notice in the form obtainable from any paying agent or from the Issuer.] [No option so exercised may be revoked or withdrawn.]]

[(5)][(6)][(7)] *Early Redemption in Case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.* The Issuer may give notice to the Holders and redeem the Securities in whole, but not in part, at any time at their Early Redemption Amount in case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging. In this case, redemption of the Securities shall take place no later than [five] [insert other number of Business Days] Business Days after such notice of early redemption has validly been given to the Holders (the "Early Redemption Date").

"Change in Law" means that, on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (i) it has become illegal to hold, acquire or dispose of the Securities or (ii) it will incur materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets.

"Increased Cost of Hedging" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

[(6)][(7)][(8)] *Redemption Amounts.* For the purposes of this §4 the following applies:

The "Reference Rate Linked Redemption Amount" in respect of each Security shall be an amount as defined in §4a.

The "Early Redemption Amount" in respect of each Security shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Securities less any Breakage Costs.

"Breakage Costs" means the amount of losses or costs of the Issuer that is or would be incurred in terminating any hedging arrangement (including, without limitation, any options, swaps or other securities of any type whatsoever hedging the Issuer's obligations under the Securities).

[[In case an automatic redemption is applicable insert:]

The "Automatic Redemption Amount" in respect of each Security shall be the Reference Rate Linked Redemption Amount (as defined under §4a) as of the relevant Roll Date immediately following the relevant

Fixing Date (as referred to under paragraph [4] above).]

**§4a  
(Definitions)**

"**Fixing Date**" means the [[second (2)] *insert other number of days*] [[date which is] [two (2)] *insert other number of days*] Fixing Business Day[s] prior to the [[first] *insert other number of days*] Fixing Business Day] [start] of the respective Roll Period.

"**Fixing Rate**" is in respect of each Roll Period the Reference Rate [minus the Management Fee] [[plus] [minus] the Spread], as determined by the Calculation Agent by referring to the Screen Page on the Fixing Date. [The Fixing Rate is subject to the provisions under §4[(3)].]

"**Fee Determination Date**" means the [[second (2)] *insert other number of days*] [[date which is] [two (2)] *insert other number of days*] Fixing Business Day[s] prior to the [[first] *insert other number of days*] Fixing Business Day] [start] of the respective Roll Period.

"**Fixing Business Day**" means a day (other than Saturday and Sunday) on which *[[In case financial centres and TARGET shall be open and/or operating insert:]* (a) *[[In case financial centres shall be open insert:]* banks are open for business (including dealings in foreign exchange and foreign currency deposits) in [London] [,] [and] [Zurich] [,] [and] *insert all relevant financial centres*] *[[In case financial centres and TARGET shall be open and/or operating insert:]* and (b) *[[In case TARGET shall be operating insert:]* all relevant parts of *[[In case TARGET has already been defined insert:]* TARGET 2] *[[In case TARGET has not yet been defined insert:]* the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET 2**") are operating to effect payments in Euro].

"**Reference Rate Linked Redemption Amount**" means an amount per Security (expressed in *insert currency*) on a Roll Date<sub>n</sub>, calculated by the Calculation Agent in accordance with the following formula:

*insert currency* [*insert Par Value or Specified Denomination*] x Accretion Factor<sub>n</sub>

*[[If Management Fee is applicable insert:]*

"**Management Fee**" is a fee [up to] [of] *insert percentage rate* per cent. per [annum] [quarter] and will be charged and subtracted on a daily basis ([act/365 fixed] [act/365] [act/360] [30/360] [act/act]) on the value per Security as of the respective previous Fee Determination Date, as determined by the Calculation Agent. The applicable fee will be published on each Fee Determination Date on the website [www.ubs.com/quotes] *insert other publication page* or any successor or replacement address thereto. *[[For the time period from, and including, insert date] to, but excluding, insert date]* *[[For the first insert number of Roll Periods] Roll Period[s] from, and including, insert date] to, but excluding, insert date]* the Management Fee is fixed at *insert percentage number* per cent. per [annum] [quarter].]

*[[If market rate and single reference rate is applicable insert:]*

"**Reference Rate**" means the *insert applicable rate* which appears on the Screen Page or any successor or replacement page (as defined below) at or around *insert time* [a.m.] [p.m.] (*insert place* time).]

*[[If market rate and multiple reference rates are applicable, insert:]*

"**Reference Rate**" means (in each case for the relevant Holder [or, in case of an exercise of the Issuer's call option, all Holders])

- (a) if a Holder exercises the Holder's put option [or the Issuer exercises the Issuer's call option] between the time period from, and including, *insert date* to [but excluding] [and including] *insert date* (i) the *insert applicable rate* if such option is exercised on *insert date*; (ii) the *insert applicable rate* if such option is exercised on *insert date* [; (iii) the *insert applicable rate* if such option is exercised on *insert date*] [; (iv) the *insert applicable rate* if such option is exercised on *insert date*] [; [v] the *insert further rates and put dates if applicable*], each as appearing on the Screen Page (as defined below) at or around *insert time* [a.m.] [p.m.] (*insert place* time);
- (b) if a Holder does not exercise the Holder's put option [and the Issuer does not exercise the Issuer's call option] during the time period from, and including, *insert date* to [but excluding] [and including] *insert date* the *insert applicable rate* which appears on the Screen Page (as defined below) at or around *insert time* [a.m.] [p.m.] (*insert place* time).]

*[[If UBS internal rate and single reference rate is applicable insert:]*

"Reference Rate" means the *[insert applicable rate]* as determined by the Calculation Agent on the Fixing Date and [externally] published on the website *[www.ubs.com/quotes]* *[insert other publication page]* or any successor or replacement address thereto.]

*[[If UBS internal rate and multiple reference rates are applicable insert:]*

"Reference Rate" means (in each case for the relevant Holder [or, in case of an exercise of the Issuer's call option, all Holders])

- (a) if a Holder exercises the Holder's put option [or the Issuer exercises the Issuer's call option] between the time period from, and including, *[insert date]* to [but excluding] [and including] *[insert date]* (i) the *[insert applicable rate]* if such option is exercised on *[insert date]*; (ii) the *[insert applicable rate]* if such option is exercised on *[insert date]* [; (iii) the *[insert applicable rate]* if such option is exercised on *[insert date]* [; (iv) the *[insert applicable rate]* if such option is exercised on *[insert date]* [; [v] the *[insert further rates and put dates if applicable]*], each as determined by the Calculation Agent on the Fixing Date and [externally] published on the website *[www.ubs.com/quotes]* *[insert other publication page]* or any successor or replacement address thereto;
- (b) if a Holder does not exercise the Holder's put option [and the Issuer does not exercise the Issuer's call option] during the time period from, and including, *[insert date]* to [but excluding] [and including] *[insert date]* the *[insert applicable rate]* as determined by the Calculation Agent on the Fixing Date and [externally] published on the website *[www.ubs.com/quotes]* *[insert other publication page]* or any successor or replacement address thereto.]

"Spread" means [up to] *[insert percentage number]* per cent. [per annum] [per quarter]. *[[For the time period from, and including, [insert date] to, but excluding, [insert date] [For the first [insert number of Roll Periods] Roll Period[s] from, and including, [insert date] to, but excluding, [insert date] the Spread is fixed at [insert percentage number] per cent. per [annum] [quarter].]]*

"Roll Date" means each *[insert dates]* [of a year] *[insert other sequence of dates]*, starting on *[insert date]*.

"Roll Period" means the period between two successive Roll Dates, from, and including, one Roll Date to, but excluding, the immediately following Roll Date. The first Roll Period will be the period from, and including, the Issue Date to, but excluding, the first Roll Date.

If the first and/or last day of a Roll Period in respect of which an Accretion Factor is to be calculated would fall on a day that is not a Business Day, then solely for purposes of calculating the Accretion Factor such day shall not be adjusted in accordance with the Business Day Convention (as defined in §5(2)).

*[[If market rate is applicable insert:]* "Screen Page" means *[insert relevant Screen Page]* or an alternative or successor page displayed by the same information provider or any other information provider determined by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rates)].

If the publication of the Reference Rate *[[In case interpolation applies insert:]* (or an Interpolation Reference Rate)] is permanently discontinued and there is no successor for such Reference Rate *[[In case interpolation applies insert:]* (or such Interpolation Reference Rate)], the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rate)] for the relevant Roll Period shall be deemed to be the rate determined by straight-line interpolation between (a) the still available *[insert name of the relevant Reference Rate]* with the next shorter term than the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rate)] and (b) the still available *[insert name of the relevant Reference Rate]* with the next longer term than the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rate)]. If no *[insert name of the relevant Reference Rate]* with a term shorter or longer than the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rate)] is available, the following provisions shall be applied *mutatis mutandis* to the determination of the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rate)].

If the publication of the Reference Rate *[[In case interpolation applies insert:]* (or an Interpolation Reference Rate)] is not permanently discontinued but the Reference Rate *[[In case interpolation applies insert:]* (or an Interpolation Reference Rate)] is not published on the Screen Page on the relevant Fixing Date, the Calculation Agent shall determine the Reference Rate *[[In case interpolation applies insert:]* (or the Interpolation Reference Rate)] on the basis of quotations for the rate of deposits in the Currency for a period of *[insert term of the relevant Reference Rate]* (the "Designated Maturity") and in such amount as the Calculation Agent shall determine from four (or such other number as the Calculation Agent may determine having regard to market conventions) major banks or leading dealers (the "Reference Banks") in the relevant market selected by the Calculation Agent in its reasonable discretion and acting in good faith and in a commercially reasonable manner. If two or more of the Reference Banks provide the Calculation Agent with such quotations, the Reference Rate *[[In case interpolation*

**applies insert:]** (or the relevant Interpolation Reference Rate)] shall be the arithmetic mean (rounded if necessary in accordance with §5(5)) of such quotations, as determined by the Calculation Agent. If only one or none of the Reference Banks provides the Calculation Agent with such quotations, the Reference Rate **[[In case interpolation applies insert:]** (or the relevant Interpolation Reference Rate)] shall be determined by the Calculation Agent in its reasonable discretion and acting in good faith and in a commercially reasonable manner (taking into account, if applicable, the last available fixings of the Reference Rate **[[In case interpolation applies insert:]** (or the relevant Interpolation Reference Rate)] prior to the relevant Fixing Date).]

**[[In case interpolation applies insert:]**

If the determination of a Reference Rate has to be made in respect of a Roll Period which is shorter or longer than the Designated Maturity (the "**Interpolated Roll Period**"), the applicable Reference Rate for such Interpolated Roll Period shall be determined by straight-line interpolation between (a) the **[insert name of the relevant Reference Rate]** with the next shorter term than the term of the Interpolated Roll Period (the "**First Reference Rate**") and (b) the **[insert name of the relevant Reference Rate]** with the next longer term than the term of the Interpolated Roll Period (together with the First Reference Rate, the "**Interpolation Reference Rates**" and, each, an "**Interpolation Reference Rate**").]

"**Accretion Factor<sub>n</sub>**" ("**AF<sub>n</sub>**") means the Accretion Factor in respect of each Roll Period, calculated by the Calculation Agent in accordance with the following formula:

$$[AF_1 = AF_0 * (1 + (Fixing Rate_1 * \frac{Days_1}{[360][365]}))] ]$$

$$[AF_1 = AF_0 * (1 + (\max(Fixing Rate_1, 0) * \frac{Days_1}{[360][365]}))] ]$$

$$[AF_n = AF_{n-1} * (1 + (Fixing Rate_n * \frac{Days_n}{[360][365]}))] ]$$

$$[AF_n = AF_{n-1} * (1 + (\max(Fixing Rate_n, 0) * \frac{Days_n}{[360][365]}))] ]$$

whereby:

"**AF<sub>0</sub>**" is the Accretion Factor at Issue Date which equals 1.

"**AF<sub>1</sub>**" is the Accretion Factor at the end of the first Roll Period.

"**AF<sub>n</sub>**" is the Accretion Factor at the end of the n-th Roll Period.

"**Fixing Rate<sub>1</sub>**" / "**Fixing Rate<sub>n</sub>**" are the Fixing Rates for the first or the n-th Roll Period.

"**Days<sub>1</sub>**" / "**Days<sub>n</sub>**" means the number of calendar days in the first and the n-th Roll Period.

**[[In case of Exchange Traded Tracker Securities insert:]**

**§4  
(Redemption)**

(1) *Redemption.* The Securities are open-end and hence have no fixed maturity date.

(2) **[[In case the Issuer is required to pay additional amounts in case of a tax withholding or deduction in accordance with §6 insert:] Tax Call.** The Securities shall be redeemed at their Early Redemption Amount at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) by settlement in accordance with §5 if (a) on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts (as defined in §6) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in §6) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures (but no substitution of the Issuer pursuant to §10) available to it. Before the publication of any notice of redemption pursuant to this subparagraph, the Issuer shall deliver to the Holders a copy of a certificate signed by the management of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and a copy of an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional

Amounts as a result of such change or amendment.]

[(2)][(3)] *Issuer's Call.* The Issuer may call all the Securities then outstanding [on each [insert Call Option Exercise Date(s)] [and afterwards on each [insert Call Option Exercise Date(s)]] [each year] [, starting with [insert first Call Option Exercise Date]]] [on any Business Day] (each a "Call Option Exercise Date") by way of publication pursuant to §12. In case of an exercise of the Issuer's call, this exercise shall become effective [insert time period] [calendar months] [Business Days] [calendar days] after the Call Option Exercise Date (each an "Effective Call Date") and the Issuer will redeem the Securities at the Underlying Linked Redemption Amount (as defined under §4(a)) as of such Effective Call Date, [5] [insert other number of days] [Business Days] [calendar days] after the relevant Effective Call Date (each a "Call Redemption Date").

[(3)][(4)] *Holder's Put.* Each Holder has the option, on each [insert Put Option Exercise Date(s)] [and afterwards on each [insert Put Option Exercise Date(s)]] [each year], starting with [insert first Put Option Exercise Date] (each a "Put Option Exercise Date"), whereby notice has to be received by the [Principal Paying Agent] [Calculation Agent] [Issuer] [through the relevant Clearing System] no later than [insert time] [a.m.] [p.m.] ([insert place] time) on such Put Option Exercise Date, to put all [or some only] of the Securities then outstanding and held by such Holder. In case of an exercise of the Holder's put, this exercise shall become effective [insert time period] [calendar months] [Business Days] [calendar days] after the Put Option Exercise Date (each an "Effective Put Date") and the Issuer will redeem [the Securities affected by the Holder's put] [all Securities then outstanding and held by such Holder] at the Underlying Linked Redemption Amount (as defined under §(a) as of such Effective Put Date, [5] [insert other number of days] [Business Days] [calendar days] after the relevant Effective Put Date (each a "Put Redemption Date"). [To exercise the Holder's put option the Holder must submit a duly completed option exercise notice in the form obtainable from any paying agent or from the Issuer.] [No option so exercised may be revoked or withdrawn.]

[(4)][(5)] *Early Redemption in Case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.* The Issuer may give notice to the Holders and redeem the Securities in whole, but not in part, at any time at their Early Redemption Amount in case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging. In this case, redemption of the Securities shall take place no later than [five] [insert other number of Business Days] Business Days after such notice of early redemption has validly been given to the Holders (the "Early Redemption Date").

"Change in Law" means that, on or after the Issue Date of the Securities (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (i) it has become illegal to hold, acquire or dispose of the Securities or (ii) it will incur materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets.

"Increased Cost of Hedging" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

[(5)][(6)] *Redemption Amounts.* For the purposes of this §4 the following applies:

The "Underlying Linked Redemption Amount" in respect of each Security shall be an amount as defined in §4a.

The "Early Redemption Amount" in respect of each Security shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Securities less any Breakage Costs.

"Breakage Costs" means the amount of losses or costs of the Issuer that is or would be incurred in terminating any hedging arrangement (including, without limitation, any options, swaps or other securities of



any type whatsoever hedging the Issuer's obligations under the Securities).

**§4a  
(Definitionen)**

"**Underlying**" means [EONIA® (Euro OverNight Index Average)] *[insert other Underlying]* [.] [which is the effective overnight reference rate for the euro. The Underlying is computed with the help of the European Central Bank. It is computed as a weighted average of all overnight unsecured lending transactions undertaken in the interbank market, initiated within the euro area by the contributing banks.] *[insert other definition]* [The Underlying will be determined by the Calculation Agent by referring to the Screen Page on each Fixing Date at or around *[insert time]* [a.m.] [p.m.] (*[insert place]* time).]

"**Screen Page**" means [Reuters Page EONIA] *[insert other Screen page]* or an alternative or successor page displayed by the same information provider or any other information provider determined by the Calculation Agent as the replacement information provider for the purposes of displaying the Underlying.

[If the Underlying is not published on the Screen Page on the relevant Fixing Date due to the fact that the relevant Fixing Date is not a business day with respect to the Underlying, the Underlying for this Fixing Date shall be equal to the last available fixing of the Underlying prior to this Fixing Date.]

*[[In case EONIA is applicable as Underlying insert:]]* If the Underlying is not published on the Screen Page on the relevant Fixing Date [for other reasons than for those described above], the Calculation Agent shall determine the Underlying on the basis of quotations for the rate of overnight unsecured lending transactions undertaken in the interbank market within the euro area and in such amount as the Calculation Agent shall determine from four (or such other number as the Calculation Agent may determine having regard to market conventions) major banks or leading dealers (the "**Reference Banks**") in the relevant market selected by the Calculation Agent in its reasonable discretion and acting in good faith and in a commercially reasonable manner. If two or more of the Reference Banks provide the Calculation Agent with such quotations, the Underlying shall be the arithmetic mean (rounded if necessary in accordance with §5(5)) of such quotations, as determined by the Calculation Agent. If only one or none of the Reference Banks provides the Calculation Agent with such quotations, the Underlying shall be determined by the Calculation Agent in its reasonable discretion and acting in good faith and in a commercially reasonable manner (taking into account, if applicable, the last available fixings of the Underlying prior to the relevant Fixing Date.)]

"**Fixing Date**" means [each calendar day during the lifetime of the Securities] *[insert other Fixing Dates]*.

"**Underlying Linked Redemption Amount**" means an amount per Security (expressed in *[insert currency]*) as determined by the Calculation Agent in accordance with the following formula:

$RA_0$  = Issue Price

$RA_n$  =  $RA_{n-1} * (1 + (\text{Underlying}_n [- MF_n] [ [-] [+]$  Spread)) \* dcf

whereby:

"**dcf**" = day count fraction ([act/act] *[insert other day count fraction]*)

"**n**" = number of calendar days since Issue Date.

" $RA_{n-1}$ " = Underlying Linked Redemption Amount of the preceding calendar day.

"**Underlying<sub>n</sub>**" = The Underlying on any calendar day "n" during the lifetime of the Security.

*[[In case Spread is applicable, insert:]]* "**Spread**" = [up to] *[insert percentage number]* per cent. [per annum] [per quarter]. *[[For the time period from, and including, [insert date] to, but excluding, [insert date]] [For the first [insert number of calendar days] calendar days from, and including, [insert date] to, but excluding, [insert date]] the Spread is fixed at [insert percentage number] per cent. per [annum] [quarter].]]*

*[[In case Management Fee is applicable insert:]]* "**MF<sub>n</sub>**" = Management Fee [of [up to] *[insert percentage]* per cent. per [annum] [quarter]] [, if any] accruing daily based on the previous calendar day's value of the Security, from, and including, the [Issue Date] *[insert other date]* to, and including, the [Effective Put Date or Effective Call Date] *[insert other date]* [, as the case may be,] as determined by the Calculation Agent on each calendar day based on a ["Actual number of days/Actual number of days" (act/act)] *[insert other day count fraction]* day count fraction. [For the time period from, and including, *[insert date]* to, but excluding, *[insert date]*] the Management Fee is fixed at *[insert percentage number]* per cent. per [annum] [quarter].] [The Management Fee is subject to an adjustment by the Issuer.] [The Issuer has the right to adjust the Management Fee [on each *[insert date(s)]* [and afterwards on each *[insert date(s)]* [each year] [, starting with *[insert first date]*] (each a "**Fee Adjustment Notice Date**") by way of publication pursuant to §12. In this case, the fee adjustment shall become effective [13]

**[insert other number]** [calendar months] [Business Days] [calendar days] after the Fee Adjustment Notice Date (in case this date is not a Business Day, the next following Business Day applies) (the "**Management Fee Adjustment Date**").)]

**[[In case of Open End Daily Accrual Securities insert:]]**

**§4  
(Redemption)**

(1) *Redemption.* The Securities are open-end and hence have no fixed maturity date.

(2) **[[In case the Issuer is required to pay additional amounts in case of a tax withholding or deduction in accordance with §6 insert:]]** *Tax Call.* The Securities shall be redeemed at their Early Redemption Amount at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) by settlement in accordance with §5 if (a) on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts (as defined in §6) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in §6) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures (but no substitution of the Issuer pursuant to §10) available to it. Before the publication of any notice of redemption pursuant to this subparagraph, the Issuer shall deliver to the Holders a copy of a certificate signed by the management of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and a copy of an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.]

(2)(3) *Issuer's Call.* The Issuer may call all the Securities then outstanding on **[insert Call Option Date(s)]** [and afterwards each **[insert Call Option Date(s)]** [each year] [each month], starting with **[insert first Call Option Date or date]** (each a "**Call Option Exercise Date**") [by publishing a notice on the website **[www.ubs.com/quotes]** **[insert other publication page]** or any successor or replacement address thereto **[2]** **[insert other number of Business Days]** Business Days prior to the relevant Call Option Exercise Date]. In case of an Issuer's call the Securities will be redeemed at the Underlying Linked Redemption Amount (as defined under §4a) as of the relevant Call Option Exercise Date, **[10]** **[insert other number of days]** [Business Days] [calendar days] after the Call Option Exercise Date (each an "**Optional Redemption Date**"). [There is no requirement of an exercise notice by the Issuer.] [To exercise the issuer's call option, the Issuer has to send a notice to the Calculation Agent which has to be received by the Calculation Agent no later than **[insert time]** [a.m.] [p.m.] (**[insert place]** time) [on such Call Option Exercise Date] **[2]** **[insert other number of Business Days]** Business Days prior to the relevant Call Option Exercise Date.]

(3)(4) **[[In case an Automatic Redemption is applicable, insert:]]** *Automatic Redemption.* If on any Fixing Date the value of the Underlying [minus the Management Fee] [[plus] [minus] the Spread] is [[equal to or] less than **[insert automatic early redemption level]**] **[insert other redemption requirement]**, the Securities will be redeemed at the Automatic Redemption Amount **[10]** **[insert other number of Business Days]** Business Days after such Fixing Date. There is no requirement of an exercise notice by the Issuer.]

(4)(5)(6) *Holder's Put.* Each Holder has the option, on each **[insert Put Option Exercise Date(s)]** [and afterwards on each **[insert Put Option Exercise Date(s)]** [each year] [each month], starting with **[insert first Put Option Exercise Date]** (each a "**Put Option Exercise Date**"), whereby notice has to be received by the [Calculation Agent] [Issuer] through the relevant Clearing System no later than **[insert time]** [a.m.] [p.m.] (**[insert place]** time) **[2]** **[insert other number of Business Days]** Business Days prior to such Put Option Exercise Date [on such Put Option Exercise Date], to put the Securities then outstanding and held by such Holder. In case of a Holder's put the Issuer will redeem all Securities then outstanding and held by such Holder at the Underlying Linked Redemption Amount (as defined under §4a) as of the relevant Put Option Exercise Date, **[10]** **[insert other number of days]** [Business Days] [calendar days] after the Put Option Exercise Date (each a "**Put Redemption Date**"). [To exercise the Holder's put option the Holder must submit a duly completed option exercise notice in the form obtainable from any paying agent or from the Issuer.] [No option so exercised may be revoked or withdrawn.]

**[(5)][(6)][(7)]** *Early Redemption in Case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.* The Issuer may give notice to the Holders and redeem the Securities in whole, but not in part, at any time at their Early Redemption Amount in case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging. In this case, redemption of the Securities shall take place no later than **[five] [insert other number of Business Days]** Business Days after such notice of early redemption has validly been given to the Holders (the "**Early Redemption Date**").

"**Change in Law**" means that, on or after the Issue Date of the Securities (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (i) it has become illegal to hold, acquire or dispose of the Securities or (ii) it will incur materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Hedging Disruption**" means that the Issuer is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets.

"**Increased Cost of Hedging**" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

**[(6)][(7)][(8)]** *Redemption Amounts.* For the purposes of this §4 the following applies:

The "**Underlying Linked Redemption Amount**" in respect of each Security shall be an amount as defined in §4a.

The "**Early Redemption Amount**" in respect of each Security shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Securities less any Breakage Costs.

"**Breakage Costs**" means the amount of losses or costs of the Issuer that is or would be incurred in terminating any hedging arrangement (including, without limitation, any options, swaps or other securities of any type whatsoever hedging the Issuer's obligations under the Securities).

**[[In case an automatic redemption is applicable insert:]** The "**Automatic Redemption Amount**" in respect of each Security shall be the Underlying Linked Redemption Amount (as defined under §4a) as of the **[calendar day preceding the] Fixing Date** on which the conditions for an automatic redemption are met (as described in paragraph **[3] [4]** above).]

#### **§4a (Definitionen)**

"**Underlying**" means **[[In case another Underlying than EONIA is applicable insert:]** **[the UBS [insert currency] Spot Rate] [insert other Underlying] [(expressed as a percentage number)]** as determined by the Calculation Agent **[at or around [insert time] [a.m.] [p.m.] ([insert place] time)]** on the Fixing Date **[and [externally] published on the website [www.ubs.com/quotes]] [by referring to [insert other publication page]] [or any successor or replacement address thereto].]**

**[[In case EONIA is applicable as Underlying insert:]** EONIA® (Euro OverNight Index Average) which is the effective overnight reference rate for the euro. The Underlying is computed with the help of the European Central Bank. It is computed as a weighted average of all overnight unsecured lending transactions undertaken in the interbank market, initiated within the euro area by the contributing banks. **[The Underlying will be determined by the Calculation Agent by referring to the Screen Page [at or around [insert time] [a.m.] [p.m.] ([insert place] time)] on each Fixing Date.]]**

**[[In case a Screen Page is applicable insert:]** "**Screen Page**" means **[Reuters Page EONIA] [insert other Screen page]** or an alternative or successor page displayed by the same information provider or any other information provider determined by the Calculation Agent as the replacement information provider for the purposes of displaying the Underlying.

[If the Underlying is not published on the Screen Page on the relevant Fixing Date due to the fact that the relevant Fixing Date is not a business day with respect to the Underlying, the Underlying for this Fixing Date shall be equal to the last available fixing of the Underlying prior to this Fixing Date.]

**[[In case EONIA or another market rate is applicable as Underlying insert:]]** If the Underlying is not published on the Screen Page on the relevant Fixing Date [for other reasons than for those described above], the Calculation Agent shall determine the Underlying on the basis of quotations for the rate [of overnight unsecured lending transactions undertaken in the interbank market within the euro area] [of deposits in the Currency for a period of **[insert term of the relevant Underlying]] [insert other description]** and in such amount as the Calculation Agent shall determine from four (or such other number as the Calculation Agent may determine having regard to market conventions) major banks or leading dealers (the "**Reference Banks**") in the relevant market selected by the Calculation Agent in its reasonable discretion and acting in good faith and in a commercially reasonable manner. If two or more of the Reference Banks provide the Calculation Agent with such quotations, the Underlying shall be the arithmetic mean (rounded if necessary in accordance with §5(5)) of such quotations, as determined by the Calculation Agent. If only one or none of the Reference Banks provides the Calculation Agent with such quotations, the Underlying shall be determined by the Calculation Agent in its reasonable discretion and acting in good faith and in a commercially reasonable manner (taking into account, if applicable, the last available fixings of the Underlying prior to the relevant Fixing Date).]]

"**Fixing Date**" means [, for each calendar day "n" during the lifetime of the Securities, the date that is **[3] [insert other number of Business Days]** Business Days prior to such calendar day] [each calendar day during the lifetime of the Securities] **[insert other Fixing Dates]**.

"**Underlying Linked Redemption Amount**" means an amount per Security (expressed in **[insert currency]**) [which is subject to a minimum of zero and] which is determined by the Calculation Agent in accordance with the following formula:

$RA_0$  = Issue Price

$RA_n = RA_{n-1} * (1 + (\text{Underlying}_n [- MF_n] [[+] [-] Spread]) * dcf)$

whereby:

"**dcf**" = day count fraction ( $[(act/365F)]$  **[insert other day count fraction]**)

"**n**" = number of calendar days since Issue Date.

"**RA<sub>n-1</sub>**" = Underlying Linked Redemption Amount of the preceding calendar day.

"**Underlying<sub>n</sub>**" = The Underlying on any calendar day "n" during the lifetime of the Security.

**[[In case Management Fee is applicable insert:]]** "**MF<sub>n</sub>**" = Management Fee [of [up to] **[insert percentage]** per cent. per [annum] [quarter]] [, if any,] accruing daily based on the previous calendar day's value of the Security, from, and including, the [Issue Date] **[insert other date]** to, and including, the [Put Option Exercise Date or Call Option Exercise Date] **[insert other date]** [, as the case may be,] as determined by the Calculation Agent on each calendar day based on a ["Actual number of days/Actual number of days" (act/act)] **[insert other day count fraction]** day count fraction. [For the time period from, and including, **[insert date]** to, but excluding, **[insert date]** the Management Fee is fixed at **[insert percentage number]** per cent. per [annum] [quarter].]]

**[[In case Spread is applicable, insert:]]** "**Spread**" = [up to] **[insert percentage number]** per cent. [per annum] [per quarter]. [[For the time period from, and including, **[insert date]** to, but excluding, **[insert date]**] [For the first **[insert number of calendar days]** calendar days from, and including, **[insert date]** to, but excluding, **[insert date]**] the Spread is fixed at **[insert percentage number]** per cent. per [annum] [quarter].]]

## §5 (Payments)

- (1) *Payments of Principal.* Payments of principal in respect of the Securities shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the **[[In the case of Securities, which are not Intermediated Securities, insert:]]** Clearing System or to its order] **[[In the case of Intermediated Securities insert:]]** Main Depository or to its order] for credit to the accounts of the relevant account holders of the **[[In the case of Securities, which are not Intermediated Securities, insert:]]** Clearing System] **[[In the case of Intermediated Securities insert:]]** Main Depository] **[[In the case of Securities, which are not Intermediated Securities, insert:]]** upon presentation and surrender of the Global Note at the office of any paying agent outside the United States **[[In the case of Securities, which are initially represented by**

***a Temporary Global Note, insert:]]*** and upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Note are not U.S. persons] ***[[In the case of Intermediated Securities insert:]]*** in accordance with the FISA and the rules and regulations of the Main Depository].

- (2) ***Business Day Convention.*** If the due date for any payment in respect of the Securities would otherwise fall on a calendar day which is not a Business Day, the due date for such payment shall be

***[[In case the Modified Following Business Day Convention applies insert:]]*** postponed to the next calendar day which is a Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Business Day.]

***[[In case the Following Business Day Convention applies insert:]]*** postponed to the next calendar day which is a Business Day.]

***[[In case the Preceding Business Day Convention applies insert:]]*** moved forward to the immediately preceding calendar day which is a Business Day.]

- (3) ***Discharge.*** The Issuer shall be discharged by payment to the ***[[In the case of Securities, which are not Intermediated Securities, insert:]]*** Clearing System (or to its order) ***[[In the case of Intermediated Securities insert:]]*** Main Depository (or to its order) or, in case UBS Switzerland AG acts as Main Depository for the Securities, to (a) the relevant Holder (or to his order) (if he holds a securities account (*Effektenkonto*) at UBS Switzerland AG) or (b) in case of an intermediary (*Verwahrungsstelle*) which is associated with UBS Switzerland AG and which does not hold the relevant Securities for its own account, to, or to the order of, such intermediary (*Verwahrungsstelle*). The Issuer is not liable for any losses incurred by Holders due to non-performance of the ***[[In the case of Securities, which are not Intermediated Securities, insert:]]*** Clearing System] ***[[In the case of Intermediated Securities insert:]]*** Main Depository or, in case UBS Switzerland AG acts as Main Depository for the Securities, of an intermediary (*Verwahrungsstelle*) which does not hold the Securities for its own account].
- (4) ***References to Principal.*** References in these Terms and Conditions to "principal" shall be deemed to include, as applicable, the Reference Rate Linked Redemption Amount the Early Redemption Amount ***[[In the case that automatic redemption is applicable insert:]]***; the Automatic Redemption Amount]; and any premium and any other amounts which may be payable under or in respect of the Securities.
- (5) ***Rounding.*** For the purposes of any calculation required pursuant to these Terms and Conditions, (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded up), (b) all figures shall be rounded to seven figures (provided that if the eighth figure is a "5" or greater, the seventh figure shall be rounded up), and (c) all currency amounts shall be rounded ***[[In the case of all Securities other than Securities issued in JPY insert:]]*** to the nearest Unit of the Currency (with half a unit being rounded up) ***[[In the case of Securities issued in JPY insert:]]*** down to the nearest JPY]. ***[[In the case of all Securities other than Securities issued in JPY insert:]]*** For these purposes, "Unit" shall mean the lowest amount of the Currency that is available as legal tender in the county or countries of the Currency.]

#### §6

#### (Taxation)

- (1) ***Withholding or Deduction of Taxes.*** All sums payable by or on behalf of the Issuer pursuant to these Terms and Conditions will be made without withholding or deduction of, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("**Taxes**") imposed by or on behalf of a Relevant Jurisdiction (as defined below), or any authority thereof or therein having power to impose Taxes unless such withholding or deduction is required by law.

***[[If the Issuer is not required to pay additional amounts in case of a tax withholding or deduction, insert the following subparagraph (2):]]***

- (2) ***No Payment of Additional Amounts.*** If the Issuer is required to withhold or deduct any Taxes from any payments under the Securities, the Issuer will not pay any additional amounts which would result in the Holders receiving the amounts they would have received if the Issuer had not been required to withhold or deduct such Taxes. Instead, the Issuer will pay to the Holders only the net amount of the relevant payment (after withholding or deduction of such Taxes). For the avoidance of doubt, the payment of such net amount shall not constitute an Event of Default.]

**[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction, insert the following subparagraphs (2) and (3) and §4(2) (Tax Call).]**

- (2) *Payment of Additional Amounts.* If the Issuer is required to withhold or deduct any Taxes from any payments under the Securities, the Issuer will pay such additional amounts as will result in the Holders receiving the amounts they would have received if the Issuer had not been required to withhold or deduct such Taxes ("**Additional Amounts**").
- (3) *Exceptions to the Obligation to Pay Additional Amounts.* The Issuer will not be required to pay any Additional Amounts pursuant to §6(2) in relation to the Securities,
- (a) on behalf of a Holder who is liable to such Taxes on the Securities as a result of having some connection with the Relevant Jurisdiction other than its mere ownership or possession of the Securities or the receipt of principal in respect thereof; or
  - (b) where such withholding or deduction relates to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation to which the Relevant Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding; or
  - (c) on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Securities to, or arranging to receive payment through, another paying agent in a Member State of the European Union; or
  - (d) more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder would have been entitled to receive the Additional Amounts if he had presented the Securities for payment on the last day of the 30-day period; or

**[[In case neither UBS AG, Hong Kong Branch, UBS AG, Jersey Branch nor UBS AG, London Branch is the Issuer insert:]]**

- (e) where payments which qualify as interest for Swiss withholding tax purposes are subject to Swiss withholding tax according to the Swiss Federal Withholding Tax Law of 13 October 1965; or]
- ~~[(e)]~~~~[(f)]~~ where such withholding or deduction is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or
- ~~[(f)]~~~~[(g)]~~ where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*Abgeltungssteuern*) levied by Swiss paying agents in respect of persons resident in the other country on income of such persons on Securities booked or deposited with a Swiss paying agent and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or
- ~~[(g)]~~~~[(h)]~~ where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than the Issuer withhold or deduct tax.]
- ~~[(3)]~~~~[(4)]~~ *FATCA.* The Issuer is authorised to withhold or deduct from amounts payable under the Securities to a Holder or beneficial owner of Securities any amount that it is required to withhold or deduct pursuant to (a) sections 1471 to 1474 of the U.S. Internal Revenue Code or any associated regulations or other official guidance (the "**U.S. Provisions**"); (b) any treaty, law, regulation or other official guidance enacted in any other country which facilitates the implementation of the U.S. Provisions (the "**Foreign Provisions**"); (c) any intergovernmental agreement between the United States and any other country, which facilitates the implementation of the U.S. Provisions (the "**Intergovernmental Agreement**"); or (d) any agreement regarding the implementation of the U.S. Provisions, the Foreign Provisions and any Intergovernmental Agreement entered into by the Issuer with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other country (together with the U.S. Provisions, Foreign Provisions and Intergovernmental Agreement, "**FATCA**"). The Issuer will not be required to make any payment of additional amounts for or on account of any tax deducted by the Issuer or an intermediary in compliance with FATCA.

[(4)]/[(5)] *Certain Definitions.* "**Relevant Jurisdiction**" means Switzerland [and] **[[In case UBS AG, Hong Kong Branch is the Issuer insert:]** the Hong Kong Special Administrative Region of the People's Republic of China **[[In case UBS AG, Jersey Branch is the Issuer insert:]** Jersey **[[In case UBS AG, London Branch is the Issuer insert:]** the United Kingdom] and any other jurisdiction in which the Issuer is or becomes subject to tax.

**[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction, insert:]** "**Relevant Date**" means the date on which the payment first becomes due. If the full amount of the moneys payable on the due date has not been received by the Paying Agent on or before the due date, then "**Relevant Date**" means the date on which notice to the effect that the full amount of the moneys due has been received by the Paying Agent is published in accordance with these Terms and Conditions.]

## §7 (Prescription)

**[[In the case of Securities governed by German law insert:]**

The presentation period provided in §801 paragraph 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*; the "**BGB**") is reduced to ten years for the Securities.]

**[[In the case of Securities governed by Swiss law insert:]**

In accordance with Swiss law, claims of any kind against the Issuer arising under the Securities will be prescribed ten years after the earlier of (a) the date on which the early redemption or (b) the date on which the ordinary redemption of the Securities has become due.]

## §8 (Events of Default)

If any of the following events (each an "**Event of Default**") occurs, any Holder may by written notice to the Issuer declare its Securities in whole, but not in part, to be forthwith due and payable, whereupon an amount which equals **[[in case of Open End Rate Accrual Securities insert:]** the Reference Rate Linked Redemption Amount which would have been payable if the date such written notice was received by the Issuer had been a Roll Date] **[[in case of Exchange Traded Tracker or Open End Daily Accrual Securities insert:]** the Underlying Linked Redemption Amount accrued until the date such written notice was received by the Issuer] shall become due and payable on the fifth Business Day after such notice, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer:

- (a) There is a default for more than 30 days in the payment of any amount due in respect of the Securities; or
- (b) any order is made by any competent court or other authority in any jurisdiction or any resolution is passed by the Issuer (i) for the dissolution or winding-up of the Issuer, or (ii) for the appointment of a liquidator, receiver or administrator of the Issuer or of all or a substantial part of the Issuer's assets, or (iii) with analogous effect for the Issuer, it being understood that anything in connection with a solvent reorganisation, reconstruction, amalgamation or merger shall not constitute an event of default; or
- (c) the Issuer admits in writing its inability to pay its debts as they fall due or otherwise acknowledges its insolvency.

## §9 (Agents)

- (1) *Appointment.* The Principal Paying Agent [, the Paying Agent[s]] and the Calculation Agent (together, the "**Agents**") and their offices (which can be substituted with other offices) are:

**Principal Paying Agent:**

[Banque Internationale à Luxembourg, *société anonyme*  
69, route d'Esch  
L-2953 Luxembourg]

[UBS Deutschland AG  
Bockenheimer Landstraße 2-4  
D-60306 Frankfurt am Main]

[UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich]

***[Insert other principal paying agent.]***

**[Paying Agent(s):**

[UBS Limited c/o]

[[UBS Limited] [UBS AG, London Branch]  
1 Finsbury Avenue  
GB-London EC2M 2PP]

[UBS Deutschland AG  
Bockenheimer Landstraße 2-4  
D-60306 Frankfurt am Main]

[UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich]

[UBS AG, Hong Kong Branch  
2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]

***[Insert other paying agent(s).]***

**Calculation Agent:**

UBS [AG] [Limited] [, Hong Kong Branch] [, Jersey Branch] [, London Branch]

[Bahnhofstrasse 45  
CH-8001 Zurich /  
Aeschenvorstadt 1  
CH-4051 Basel]

[2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]

[24 Union Street  
St. Helier JE2 3RF  
Jersey  
Channel Islands]

[1 Finsbury Avenue  
GB-London EC2M 2PP]

***[Insert other calculation agent.]***

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another principal paying agent or additional or other paying agents or another calculation agent provided that the Issuer shall at all times maintain (a) a principal paying agent, and (b) a calculation agent.

The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

***[[In the case of Securities denominated in USD insert:]***

- (3) *U.S. Paying Agent.* In case payments at or through the offices of all paying agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U. S. dollars, the Issuer shall at all times maintain a paying agent with a specified office in New York.]

[(3)]/[(4)] *Agent of the Issuer.* Any Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

[(4)]/[(5)] *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Terms and Conditions



by the Calculation Agent shall (in the absence of a proven or manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Paying Agents and the Holders.

[(5)]/[(6)] None of the Issuer, the Calculation Agent, the Principal Paying Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correction made in the calculation or publication of any amount in relation to the Securities, whether caused by negligence or otherwise (other than gross negligence or willful misconduct).

#### §10

**(Substitution of the Issuer *[[In the case of Securities pursuant to which the Holders will receive a guarantee in the case of a restructuring of the group structure of the Issuer insert.]* . Restructuring)**

- (1) *Substitution.* The Issuer (reference to which shall always include any previous substitute debtor) may and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of any Holder at any time, substitute for itself as the principal debtor in respect of the Securities (a) any company (incorporated in any country in the world) controlling, controlled by or under common control with, the Issuer, (b) any other company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property; and (c) any branch of such company referred to in (a) and (b) (any such company or branch, the "**Substitute Debtor**"), provided that:
  - (a) the Substitute Debtor shall assume all obligations that the Issuer owes to the Holders under or in relation to the Securities and be bound by these Terms and Conditions as fully as if the Substitute Debtor had been named in these Terms and Conditions as the principal debtor in respect of the Securities in place of the Issuer; and
  - (b) the Issuer or the Substitute Debtor has agreed to indemnify each Holder against any tax, duty, fee or other governmental charge imposed on such Holder in respect of the substitution, and
  - (c) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor as principal debtor.
- (2) *Change of References.* As of the effective date of such substitution, any reference in these Terms and Conditions to the Issuer shall be deemed to refer to the Substitute Debtor and any reference **[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction insert.]** (other than the references in §6(3)(e) to [(g)] [(h)]) to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor and these Terms and Conditions shall thereupon be deemed to be amended to give effect to the substitution. Furthermore, in the event of such substitution the following shall apply:
  - (a) in §6 **[[If the Issuer is not required to pay additional amounts in case of a tax withholding or deduction, insert.]** (4) **[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction, insert.]** (5) an alternative reference to **[[In case neither UBS AG, Hong Kong Branch, UBS AG, Jersey Branch nor UBS AG, London Branch is the Issuer insert.]** Switzerland] **[In case UBS AG, Hong Kong Branch is the Issuer insert.]** the Hong Kong Special Administrative Region of the People's Republic of China] **[[In case UBS AG, Jersey Branch is the Issuer insert.]** Jersey] **[[In case UBS AG, London Branch is the Issuer insert.]** the United Kingdom] shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor; and
  - (b) in §6 and §8(b) and (c) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference according to the preceding sentence to the Substitute Debtor, and
  - (c) in §8 a further Event of Default shall be deemed to have been included which shall exist in the case that the Guarantee pursuant to paragraph (1)(c) is invalid.
- (3) *Notices.* Any such substitution shall be notified by the Substitute Debtor as soon as reasonably possible to the Holders and to any other person or authority as required by applicable laws or regulations.
- (4) *Certain Definitions.* For the purposes of this §10, the term "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first-mentioned company, and for this purpose "**Voting Shares**" means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and "**controlling**", "**controlled**" and "**under common control**" shall be construed accordingly.

**[[In the case of Securities pursuant to which the Holders will receive a guarantee in the case of a**

**restructuring of the group structure of the Issuer insert:]**

- (5) *Restructuring.* If after the issue of the Securities and due to or following a restructuring of the group structure of the Issuer (a) **[[In case all credit ratings have to be downgraded insert:]** all] **[[In case only one of the credit ratings has to be downgraded insert:]** one of the] long-term credit ratings of the Issuer, which the Issuer has received from **[[In case only one of the credit ratings has to be downgraded insert:]** an] internationally recognised rating [agencies] [agency] (the "**Internationally Recognised Rating [Agencies] [Agency]**") and, as applicable, the "**Internationally Recognised Rating[s]**", [are] [is] downgraded (**[[In case all credit ratings have to be downgraded insert:]** each,] a "**Restructuring Related Rating Downgrade**"), [(b) such Restructuring Related Rating Downgrade[s] results in the Issuer being qualified as speculative investment (*non-investment grade / speculative grade*) by **[[In case all credit ratings have to be downgraded insert:]** all such] **[[In case only one of the credit ratings has to be downgraded insert:]** the relevant] Internationally Recognised Rating [Agencies] [Agency]] , and [(b)] [(c)] the Issuer is not the company with the highest Internationally Recognised Rating within the group of companies to which the Issuer belongs (for the purposes of this §10(5) only, the "**UBS Group**") on the date on which the **[[In case all credit ratings have to be downgraded insert:]** last] Restructuring Related Rating Downgrade takes effect (the "**Restructuring Date**"), the Issuer will ensure that the claims of the Holders pursuant to the Securities will be guaranteed as soon as possible following the **[[In case all credit ratings have to be downgraded insert:]** last] Restructuring Related Rating Downgrade by a company (the "**Guarantor**") which is part of the UBS Group.

The Guarantor must have at least **[[In case all credit ratings have to be downgraded insert:]** one of] the Internationally Recognised Rating[s] which the Issuer had immediately prior to the **[[In case all credit ratings have to be downgraded insert:]** first] Restructuring Related Rating Downgrade (a "**Minimum Rating**").

In case no company belonging to the UBS Group has a Minimum Rating, the Issuer will ensure that the claims of the Holders pursuant to the Securities will be guaranteed by such company belonging to the UBS Group, which has received the next lower rating (in comparison to the Minimum Rating) from **[[In case all credit ratings have to be downgraded insert:]** one of] the Internationally Recognised Rating [Agencies] [Agency].]

**§11  
(Further Issues. Purchases. Cancellation)**

- (1) *Further Issues.* The Issuer may from time to time without the consent of the Holders create and issue further Securities having the same terms and conditions as the Securities (except for the issue price and the Issue Date) so that the same shall be consolidated and form a single Series with these Securities, and references to "Securities" shall be construed accordingly.
- (2) *Purchases.* The Issuer and any of its subsidiaries may at any time purchase Securities at any price in the open market or otherwise. Such Securities may be held, resold or cancelled, all at the option of the Issuer.
- (3) *Cancellation.* All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§12  
(Notices)**

- (1) *Publications.* All notices concerning the Securities shall be published on the website **www.[insert website address]** or any successor or replacement address thereto. Any notice so given will be deemed to have been validly given on **[[In the case of Securities governed by German law insert:]** the fifth day following the date of such publication (or, if published more than once, on the fifth day following the first such publication)] **[[In the case of Securities governed by Swiss law insert:]** [the fifth day following the date of such publication (or, if published more than once, on the fifth day following the first such publication)] **[[the date of such publication]]**.
- (2) *Notices through the Clearing System.* The Issuer may, instead of a publication pursuant to subparagraph (1), deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the **[[In the case of Securities governed by German law insert:]** fifth day after the day] **[[In the case of Securities governed by Swiss law insert:]** [fifth day after the day] [day]] on which said notice was given to the Clearing System.
- (3) *Notices to the Issuer.* Unless otherwise specified in these Terms and Conditions for certain notices, notices by the Holders to the Issuer shall be given by delivering such notices in writing to UBS Switzerland AG, Bahnhofstrasse 45, P.O. Box, CH-8098 Zurich or to such other address as may be notified to the Holders.

**§13  
(Governing Law. Place of Jurisdiction. **[[In the case of Securities governed by German law insert:]****

**Enforcement. Process Agent.] Corrections)**

- (1) *Governing Law.* The Securities are governed by **[[In the case of Securities governed by German law insert:]** German law **[[In the case of Securities governed by Swiss law insert:]** Swiss law].
- (2) *Place of Jurisdiction.* Exclusive place of jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Securities shall be **[[In the case of Securities governed by German law insert:]** the District Court (*Landgericht*) of Frankfurt am Main, Federal Republic of Germany **[[In the case of Securities governed by Swiss law insert:]** the courts of Zurich (1), Switzerland]. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

**[[In the case of Securities governed by German law insert:]**

- (3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under the Securities on the basis of (a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Securities (i) stating the full name and address of the Holder, (ii) specifying the **[[In the case of Securities having a specified denomination insert:]** aggregate principal amount **[[In the case of Securities having a par value insert:]** total number] of Securities credited to such securities account on the date of such statement and (iii) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii) and (b) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Securities. "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Securities and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Securities also in any other manner permitted in the country of the Proceedings.
- (4) *Process Agent.* For any Proceedings before German courts, the Issuer appoints UBS Deutschland AG, Stephanstraße 14-16, D-60313 Frankfurt am Main as its authorised agent for service of process in Germany.]

**[(3)](5)** *Corrections.* The Issuer is entitled to modify or amend, as the case may be, these Terms and Conditions in each case without the consent of the Holders in such manner as the Issuer deems necessary, if the modifications or amendments

- (a) are of a formal, minor or technical nature; or
- (b) are made to cure a manifest or proven error; or
- (c) are made to cure any ambiguity; or are made to correct or supplement any defective provisions of these Terms and Conditions; or
- (d) are made to correct an error or omission such that, in the absence of such correction, the Terms and Conditions would not otherwise represent the intended terms of the Securities pursuant to which the Securities were sold and have since been traded.

Any modification or amendment of these Terms and Conditions shall only be permitted if it is reasonably acceptable for the Issuer and the Holders taking into consideration the interests of both the Issuer and the Holders (in particular in respect of the equivalence of the performance of the Holders as the purchasers of the Securities and any consideration of the Issuer pursuant to these Terms and Conditions), shall take effect in accordance with its terms, shall be binding on the Holders and shall be notified to the Holders.]

**§14  
(Language)**

**[[If the Terms and Conditions shall be in the German language with an English language translation insert:]**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.]

**[[If the Terms and Conditions shall be in the English language with a German language translation insert:]**

These Terms and Conditions are written in the English language and provided with a German language translation. The English text shall be controlling and binding. The German language translation is provided for convenience only.]

**[[If the Terms and Conditions shall be in the English language only insert:]**

These Terms and Conditions are written in the English language only.]

## Option II – Open End Securities on a Bond Basket

### §1

#### (Currency. Denomination. Form. Clearing System. Certain Definitions)

- (1) *Currency. Denomination. Form.* This Series of Securities (the "**Securities**") of UBS AG [„Bahnhofstrasse 45, CH-8001 Zurich / Aeschenvorstadt 1, CH-4051 Basel.]" *[[In case UBS AG, Hong Kong Branch is the Issuer insert.],* acting through UBS AG, Hong Kong Branch, 2 International Finance Centre, 52/F, 8 Finance Street, Central, Hong Kong] *[[In case UBS AG, Jersey Branch is the Issuer insert.],* acting through UBS AG, Jersey Branch, 24 Union Street, St. Helier JE2 3RF, Jersey, Channel Islands.] *[[In case UBS AG, London Branch is the Issuer insert.],* acting through UBS AG, London Branch, 1 Finsbury Avenue, GB-London EC2M 2PP.]" (the "**Issuer**") is issued in *[[In the case of Securities having a specified denomination insert.]"* *[insert currency]* (" *[insert abbreviation of the currency]*" or the "**Currency**") in an aggregate principal amount of [up to] *[insert amount [\*]]* on *[insert issue date]* (the "**Issue Date**") in a denomination of *[insert denomination]* (the "**Specified Denomination**").] *[[In the case of Securities having a par value insert.]"* [up to] *[insert number of units [\*]]* units in *[insert currency]* (the "**Currency**") on *[insert issue date]* (the "**Issue Date**") having a par value of *[insert par value]* each (the "**Par Value**").] The Securities are being issued in *[[In the case of Securities issued in bearer form insert.]"* bearer form] *[[In the case of Securities issued in the form of Intermediated Securities insert.]"* the form of intermediated securities (*Bucheffekten*; the "**Intermediated Securities**") pursuant to the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*; the "**FISA**").]

#### *[[In the case of TEFRA C Securities insert.]"*

- (2) *Permanent Global Note.* The Securities are represented by a permanent global note (the "**Permanent Global Note**" or "**Global Note**") without coupons which shall be signed manually by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent. The Holders are not entitled to request delivery of definitive Securities.]"

#### *[[In the case of TEFRA D Securities insert.]"*

- (2) *Temporary Global Note – Exchange.*
- (a) The Securities are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons which will be exchangeable for a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, each a "**Global Note**") without coupons. Each Global Note shall be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. The Holders are not entitled to request delivery of definitive Securities.
- (b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the Issue Date. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Note is (are) not U.S. person(s). Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Note as described above. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.]"

#### *[[In the case of Intermediated Securities insert.]"*

- (2) *Intermediated Securities.* The Intermediated Securities are created based on global notes (*Globalurkunden*; "**Global Notes**") pursuant to article 973b of the Swiss Federal Code of Obligations ("**CO**") or uncertificated securities (*Wertrechte*; "**Uncertificated Securities**") pursuant to article 973c CO by (a) depositing the Global Notes with a depository (*Verwahrungsstelle*) in accordance with the FISA (the "**Main Depository**") or entering the Uncertificated Securities into the main register of a Main Depository, and (b) making a credit entry into one or more securities accounts (*Effektenkonten*). The Issuer will usually choose SIX SIS AG, Baslerstrasse 100, CH-4600 Olten ("**SIX SIS**") as Main Depository, but reserves the right to choose any other depository permitted under article 4 FISA as Main Depository (including UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich).

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\* The aggregate principal amount will be determined [at the end of the Subscription Period] depending on the demand for the Securities [during the Subscription Period].

\*\* The number of units will be determined [at the end of the Subscription Period] depending on the demand for the Securities [during the Subscription Period].

The records of the Main Depository will determine the number of Securities held by each participant of the Main Depository.

The Intermediated Securities are transferred and otherwise disposed of in accordance with the provisions of the FISA and the relevant agreements with the respective Main Depository (in particular, neither the Intermediated Securities nor any rights pertaining to the Intermediated Securities may be transferred by way of assignment pursuant to articles 165 *et seq.* CO without the prior written consent of the Issuer).

Holders shall at no time have the right to effect or demand (a) the conversion of Uncertificated Securities into definitive Securities (or *vice versa*) and/or (b) delivery of definitive Securities (including Global Notes).

The Issuer may convert Global Notes (constituting the basis for Intermediated Securities) into Uncertificated Securities (constituting the basis for Intermediated Securities) and *vice versa* at any time and without the consent of the Holders.]

- (3) *Clearing System.* **[[In the case of Securities, which are not Intermediated Securities, insert:]** Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Securities have been satisfied.] "**Clearing System**" means **[[In the case more than one Clearing System shall be applicable insert:]** each of] the following: [Clearstream Banking AG, Frankfurt am Main ("Clearstream Frankfurt")] [,] [and] [Clearstream Banking *société anonyme*, Luxembourg ("Clearstream Luxembourg")] [,] [and] [Euroclear Bank SA/NV ("Euroclear")] [,] [and] [SIX SIS [,] [and] **[[insert other Clearing System]** or any successor **[[In the case more than one Clearing System shall be applicable insert:]** of one of these Clearing Systems] in this capacity.
- (4) *Holder of Securities.* "**Holder**" means **[[In the case of Securities, which are not Intermediated Securities, insert:]** any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System] **[[In the case of Intermediated Securities insert:]** each person holding any Security in a securities account (*Effektenkonto*) (that is in its own name) with an intermediary, it being understood that entities qualifying as intermediaries according to the FISA will only be deemed to be "Holders" if they hold the Securities for their own account in a securities account (*Effektenkonto*) (that is in their own name) with another intermediary].
- (5) *Business Day.* "**Business Day**" means a day (other than Saturday and Sunday) on which **[[In case financial centres and TARGET shall be open and/or operating insert:]** (a) **[[In case financial centres shall be open insert:]** banks are open for business (including dealings in foreign exchange and foreign currency deposits) in [Luxembourg] [,] [and] [Zurich] [,] [and] **[[insert all relevant financial centres]** **[[In case financial centres and TARGET shall be open and/or operating insert:]** and (b) **[[In case TARGET shall be operating insert:]** all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET 2**") are operating to effect payments in Euro].
- (6) *United States.* "**United States**" means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

## §2

### (Status. Classification)

- (1) *Status.* The obligations under the Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations as may be preferred by mandatory provisions of law.
- (2) *Classification of the Securities.* The Securities do not represent a participation in any of the collective investment schemes pursuant to article 7 *et seq.* of the Swiss Federal Act on Collective Investment Schemes, as amended from time to time (the "**CISA**") and thus do not require an authorisation of the Swiss Financial Market Supervisory Authority (the "**FINMA**"). Therefore, Holders are not eligible for the specific investor protection under the CISA. Furthermore, the Securities do not benefit from any depositor protection under article 37b of the Swiss Federal Law on Banks and Savings Banks, as amended from time to time or other forms of deposit insurance under any other laws as might be applicable to the Securities.

## §3

### (Interest)

- (1) *No periodic payments of interest.* There will not be any periodic payments of interest on the Securities.
- (2) *Default Interest.* If the Issuer fails to redeem the Securities when due, interest shall accrue on the outstanding

**[[In the case of Securities having a specified denomination insert:] Specified Denomination] [[In the case of Securities having a par value insert:] Par Value]** of the Securities from, and including, the due date for redemption to, but excluding, the date of actual redemption of the Securities at the default rate of interest established by law **[[In case of Securities governed by German law insert:] <sup>1</sup>]**. This does not affect any additional rights that might be available to the Holders.]

**§4  
(Redemption)**

- (1) *Redemption.* The Securities do not have a fixed maturity date. A redemption only happens if the Issuer calls or the Holder puts the Securities. If the Issuer or the Holder exercises its call or put option the Securities will be redeemed on the Optional Redemption Payment Date or the Put Redemption Payment Date respectively at the Bond Linked Redemption Amount.
- (2) *Issuer's Call.* The Issuer may call all, but not part, of the Securities then outstanding on **[insert Optional Redemption Date(s)]** [every year] **[insert other sequence of dates]**, starting with **[insert first Optional Redemption Date]** (each an "Optional Redemption Date"), whereby notice has to be received by the Calculation Agent [through the relevant Clearing System] no later than **[insert time]** [a.m.] [p.m.] (**[insert place]** time) on such Optional Redemption Date. In case of an Issuer's call the Bond Linked Redemption Amount (as defined under §4a) will be paid [10] **[insert other number of days]** [Business Days] [calendar days] after the Optional Redemption Date (the "Optional Redemption Payment Date").
- (3) *Holder's Put.* Each Holder has the option, on **[insert Put Redemption Date(s)]** [every year] **[insert other sequence of dates]**, starting with **[insert first Put Redemption Date]** (each a "Put Redemption Date"), whereby notice has to be received by the Calculation Agent [through the relevant Clearing System] no later than **[insert time]** [a.m.] [p.m.] (**[insert place]** time) on such Put Redemption Date, to put the Securities then outstanding and held by such Holder. In case of a Holder's put the Issuer will redeem all Securities then outstanding and held by such Holder at the Bond Linked Redemption Amount (as defined under §4a). The relevant payment of the Bond Linked Redemption Amount shall be made [10] **[insert other number of days]** [Business Days] [calendar days] after the relevant Put Redemption Date (the "Put Redemption Payment Date").
- [(4)]** **[[In case the Issuer is required to pay additional amounts in case of a tax withholding or deduction in accordance with §6 insert:] Tax Call.** The Securities shall be redeemed at their Early Redemption Amount at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) by settlement in accordance with §5 if (a) on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts (as defined in §6) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in §6) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures (but no substitution of the Issuer pursuant to §10) available to it. Before the publication of any notice of redemption pursuant to this subparagraph, the Issuer shall deliver to the Holders a copy of a certificate signed by the management of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and a copy of an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.]
- [(4)]****[(5)]** *Early Redemption in Case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.* The Issuer may give notice to the Holders and redeem the Securities in whole, but not in part, at any time at their Early Redemption Amount in case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging. In this case, redemption of the Securities shall take place no later than [five] **[insert other number of Business Days]** Business Days after such notice of early redemption has validly been given to the Holders (the "Early Redemption Date").

"Change in Law" means that, on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (i) it has become illegal to hold, acquire or dispose of the Securities or (ii) it will incur materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Hedging Disruption" means that the Issuer is unable, after using commercially reasonable efforts, to (a)

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<sup>1</sup> The default rate of interest *per annum* established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§288 (1), 247 (1) German Civil Code.

acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets.

"**Increased Cost of Hedging**" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

[(5)](6) *Redemption Amounts.* For the purposes of this §4 the following applies:

The "**Bond Linked Redemption Amount**" in respect of each Security shall be an amount as defined in §4a.

The "**Early Redemption Amount**" in respect of each Security shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Securities less any Breakage Costs.

"**Breakage Costs**" means the amount of losses or costs of the Issuer that is or would be incurred in terminating any hedging arrangement (including, without limitation, any options, swaps or other securities of any type whatsoever hedging the Issuer's obligations under the Securities).

#### **§4a (Definitions)**

"**Basket**" means, subject to the provisions of §4b, a basket initially composed of the Initial Underlying Securities, each with the respective "**Weighting**" set out below.

"**Basket Components**" means, subject to the provisions of §4b, the Bonds or cash from time to time included in the Basket.

"**Bonds**" or "**Underlying Securities**" means the Initial Underlying Securities, as these may be varied from time to time in accordance with the provisions of §4b, and the terms "**Bonds**" or "**Underlying Securities**" shall include any bonds which may be replaced for any or all of the Initial Underlying Securities in the Basket in accordance with the provisions of §4b.

"**Bond Linked Redemption Amount**" means an amount calculated by the Calculation Agent on the Bond Valuation Date at the Bond Valuation Time as an amount in [*insert currency*] per Security which represents the *pro rata* share of the liquidation proceeds of the Basket, comprising the relevant Bonds (calculated at the "best execution" bid-price), coupon payments received on any Bonds (to the extent not reinvested in any Bonds) and any other remaining cash amounts (if any) allocated to the Basket minus accumulated and accreted Management Fees of the Securities.

"**Bond Valuation Date**" equals the Optional Redemption Date/Put Redemption Date (as the case may be) in case the Issuer/Holder exercises the call/put option.

"**Bond Valuation Time**" means [*insert time*] [a.m.] [p.m.] ([*insert place*] time) on the Bond Valuation Date.

"**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**Exchange**" means the exchange or quotation system with the highest volume traded in the relevant Bonds, as determined by the Calculation Agent.

"**Exchange Business Day**" means, any Scheduled Trading Day on which each Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by



the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for the Bonds on the Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Bonds on any relevant Related Exchange.

"**Fee Determination Date**" means *[insert date(s)]* [in each year], commencing on the Issue Date.

"**Initial Underlying Securities**" means:

Securities/Initial Underlying Securities	ISIN	Issuer Rating (Moody's / S&P's)	Interest rate	Maturity date	Weighting*
<i>[insert Denomination]</i>	<i>[insert ISIN]</i>	<i>[insert Rating]</i>	<i>[insert interest rate]</i>	<i>[insert maturity date]</i>	<i>[insert weighting]</i>
<i>[insert Denomination]</i>	<i>[insert ISIN]</i>	<i>[insert Rating]</i>	<i>[insert interest rate]</i>	<i>[insert maturity date]</i>	<i>[insert weighting]</i>
<i>[insert Denomination]</i>	<i>[insert ISIN]</i>	<i>[insert Rating]</i>	<i>[insert interest rate]</i>	<i>[insert maturity date]</i>	<i>[insert weighting]</i>
<i>[insert Denomination]</i>	<i>[insert ISIN]</i>	<i>[insert Rating]</i>	<i>[insert interest rate]</i>	<i>[insert maturity date]</i>	<i>[insert weighting]</i>
<i>[insert Denomination]</i>	<i>[insert ISIN]</i>	<i>[insert Rating]</i>	<i>[insert interest rate]</i>	<i>[insert maturity date]</i>	<i>[insert weighting]</i>

\* at Issue Date.

"**Issue Date**" means *[insert Issue Date]*.

"**Management Fee**" is a fee of [up to] *[insert percentage rate]* per cent. per [annum] [quarter] *[insert other time period]* that will be charged and subtracted on a [daily] *[insert other time period]* basis ([act/365 fixed] [act/365] [act/360] [30/360] [act/act]) on the Redemption Amount per Security as of the respective previous Fee Determination Date, as determined by the Calculation Agent. The applicable fee will be published on each Fee Determination Date on the website [www.ubs.com/quotes] *[insert other publication page]* or any successor or replacement address thereto.

"**Market Disruption Event**" means the occurrence or existence of (a) a Trading Disruption or an Exchange Disruption, which in either case the Calculation Agent determines is material and which occurs or exists at any time during the one hour period that ends at the relevant Valuation Time; or (b) an Early Closure.

"**Redemption Amount per Security**" means a *pro rata* share of the liquidation proceeds of the Basket, comprising the Bonds, coupon payments received on any Bonds (to the extent not reinvested in any Bonds) and any other remaining cash amounts (if any) allocated to the Basket minus accumulated and accreted and not yet paid Management Fees of the Securities. Liquidation proceeds will be determined by the Calculation Agent, acting in a commercially reasonable manner and taking into account the "best execution" bid-prices of the Bonds in the Basket, including accrued but unpaid coupon payments.

"**Related Exchange(s)**" means the futures or options exchange with the highest volume traded in futures or options in the relevant Bonds, as determined by the Calculation Agent.

"**Reinvestment Agent**" means [UBS Limited] *[insert other entity]* or any successor in such capacity appointed by the Issuer.

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means, in relation to the relevant Bonds any day on which each Exchange and each Related Exchange specified hereon are scheduled to be open for trading for their respective regular trading sessions.

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Bonds on the Exchange or (b) in futures or options contracts relating to the Bonds on any relevant Related Exchange.

"**Underlying Business Day**" means any day on which the Calculation Agent can identify a market price for the relevant Basket Component.

"**Valuation Date**" means the Bond Valuation Date.

"**Valuation Time**" means the Bond Valuation Time.

"**Value of the Security**" equals at any day the value of the Security at the previous Optional Redemption Date, as

calculated by the Calculation Agent.

**§4b**  
**(Adjustments and Replacement of Bonds in the Basket)**

- (1) *Composition of the Basket.* The composition of the Basket is subject to, and may be varied by the Reinvestment Agent on any Adjustment Date in accordance with, the provisions for an Adjustment Event.

"**Adjustment Date**" means the first Underlying Business Day after the occurrence of an Adjustment Event.

"**Adjustment Event**" means (a) the receipt of a coupon payment in respect of a Basket Component; (b) the receipt of final redemption proceeds on the maturity of a Basket Component; or (c) the occurrence of a Replacement Event.

- (2) *Adjustment Event.* The composition of the Basket may be varied from time to time on an Adjustment Date in the event of an occurrence of an Adjustment Event.

On the relevant Adjustment Date:

- (a) coupon payments will be re-invested in the Basket Component which paid the coupon;
- (b) redemption proceeds received on the maturity of a Basket Component will be reinvested in Eligible Obligations so that the Basket will contain Bonds of the Minimum Number of different Eligible Obligors as Basket Components; and
- (c) proceeds received on the sale of a Basket Component on the occurrence of a Replacement Event as set out below will be reinvested in Eligible Obligations so that the Basket will contain Bonds of the Minimum Number of different Eligible Obligors as Basket Components.

If, on an Adjustment Date, the Reinvestment Agent

- (a) is unable to identify Eligible Obligations; or
- (b) determines that it is impracticable to purchase Eligible Obligations for an undetermined period of time; or
- (c) determines that there is insufficient cash to purchase Eligible Obligations in their minimum denominations or lot amounts, then

for purposes of an allocation thereof to the Basket, the proceeds shall bear interest at a rate determined by the Calculation Agent in its reasonable discretion taking into account the market interest rates customarily paid for comparable investments at the relevant time.

The Reinvestment Agent shall determine the relevant sale and purchase prices in a commercially reasonable manner by using or referring to the Bloomberg Composite bid-prices or, as the case may be, ask-prices of the respective Bonds.

"**Eligible Obligors**" means [(a)] [UBS AG] [,] [and] [(b)] [any sovereign, fully sovereign owned, sovereign guaranteed or supra-national issuer with an Eligible Rating (as defined below)] [,] [and] [(c)] [(d)] [(e)] [*insert further categories of Eligible Obligors*].

"**Eligible Rating**" means that the afore-mentioned Eligible Obligors [(with the exception of UBS AG)] are only Eligible Obligors if they are rated at least [*insert rating*] by [Standard & Poor's Inc.] [,] [and] [*insert rating*] by [Moody's Investors Service Inc.] [and] [*insert further ratings and rating agencies if applicable*] [and are not on negative credit watch by any such rating agency].

"**Eligible Obligation**" means any [unsubordinated] [or] [subordinated] [floating rate] bonds issued by an Eligible Obligor with a maturity of [no] longer than [two (2)] [*insert other number*] [years] [months] [and a redemption date equal to an Optional Redemption Date and Put Redemption Date].

"**Minimum Number of Eligible Obligors**" means [5] [*insert other number of Eligible Obligors*] Eligible Obligors.

- (3) *Replacement Event.* Underlying Securities will be, in each case, defined as a Basket Component until their respective maturities unless a Replacement Event occurs.

In case of an occurrence of a Replacement Event, the Reinvestment Agent may, in its reasonable discretion, decide to replace the relevant Basket Component according to the Reinvestment Criteria (as defined below),

with the exception of a Replacement Event as defined in (c) [and (d)] below, in which case a partial replacement is mandatory.

[As a consequence of a Replacement Event a potential mark-to-market loss will be realized when the replacement of a Basket Component is conducted by the Reinvestment Agent.]

Any purchases or dispositions made in relation to Basket Components shall be valued/priced by using the relevant Bloomberg Composite bid-prices or, as the case may be, ask-prices.

"**Replacement Event**" means the occurrence of one or more of the following events:

- (a) After the expiration of any applicable grace period, the issuer of a Basket Component fails to make, when and where due, any payment in accordance with the terms of the Basket Component; or
- (b) The Reinvestment Agent becomes aware that a Basket Component is, or is likely to become, subject to a withholding tax. The Reinvestment Agent does not assume responsibility for the monitoring of withholding tax laws and regulations; or
- [(c) The Reinvestment Agent becomes aware that the reinvestment of a coupon would result in a Basket Component representing more than [80] ***insert other percentage rate*** per cent. of the value of the Basket; or]
- [(d)][(c)] The Reinvestment Agent becomes aware that the rating of an issuer [(with the exception of UBS AG)] of a Basket Component by [Standard & Poor's Inc.] [or] [Moody's Investors Service Inc.] [or] [***if applicable insert further rating agency***] falls below [***insert rating***] [,] [or] [***insert rating***] [,] [or] [***insert rating***] respectively.

"**Reinvestment Criteria**" means that all reinvestments will be made in accordance with, and the validity of any reinvestment shall be conditional upon, the fact that the Basket shall always contain the Minimum Number of different Eligible Obligors. Should there be less than the Minimum Number of Eligible Obligors in the Basket, an Eligible Obligation from an Eligible Obligor whose bonds are not yet a Basket Component will be allocated to the Basket on the next following Scheduled Trading Day on which the relevant Eligible Obligation is traded. [A Basket Component shall never represent more than [80] ***insert other percentage rate*** per cent. of the value of the Basket; the Reinvestment Agent will select new Basket Components accordingly.] [[Notwithstanding the above,] UBS AG shall at any time represent [at least] [80] ***insert other percentage rate*** per cent of the value of the Basket.]

#### **§4c (Corrections. Disrupted Days)**

- (1) **Corrections.** In the event that any price or level published on the Exchange which is utilised for any calculation or determination made in relation to the Securities is subsequently corrected and the correction is published by the Exchange during the lifetime of this Security, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such transaction to account for such correction and will notify the Holders accordingly.
- (2) **Disrupted Days.** If the Calculation Agent in its reasonable discretion determines that any Bond Valuation Date is a Disrupted Day, then the Bond Valuation Date shall be the first succeeding Exchange Business Day that the Calculation Agent determines is not a Disrupted Day, unless the Calculation Agent determines that each of the [five] ***insert other number of Exchange Business Days*** Exchange Business Days immediately following the original date is a Disrupted Day. In that case and for the purpose of determining the Bond Linked Redemption Amount:
  - (a) that [fifth] ***insert other number of Exchange Business Days*** Exchange Business Day shall be deemed to be the Bond Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
  - (b) the Calculation Agent shall determine its good faith estimate of the value of the Bonds as of the Bond Valuation Time on that [fifth] ***insert other number of Exchange Business Days*** Exchange Business Day.

#### **§5 (Payments)**

- (1) **Payments of Principal.** Payments of principal in respect of the Securities shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the ***[[In the case of Securities, which are not Intermediated Securities, insert:]*** Clearing System or to its order] ***[[In the case of Intermediated***

**Securities insert:** Main Depository or to its order] for credit to the accounts of the relevant account holders of the **[[In the case of Securities, which are not Intermediated Securities, insert:]** Clearing System] **[[In the case of Intermediated Securities insert:]** Main Depository] **[[In the case of Securities, which are not Intermediated Securities, insert:]** upon presentation and surrender of the Global Note at the office of any paying agent outside the United States **[[In the case of Securities, which are initially represented by a Temporary Global Note, insert:]** and upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Note are not U.S. persons] **[[In the case of Intermediated Securities insert:]** in accordance with the FISA and the rules and regulations of the Main Depository].

- (2) **Business Day Convention.** If the due date for any payment in respect of the Securities would otherwise fall on a calendar day which is not a Business Day, the due date for such payment shall be

**[[In case the Modified Following Business Day Convention applies insert:]** postponed to the next calendar day which is a Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Business Day.]

**[[In case the Following Business Day Convention applies insert:]** postponed to the next calendar day which is a Business Day.]

**[[In case the Preceding Business Day Convention applies insert:]** moved forward to the immediately preceding calendar day which is a Business Day.]

- (3) **Discharge.** The Issuer shall be discharged by payment to the **[[In the case of Securities, which are not Intermediated Securities, insert:]** Clearing System (or to its order) **[[In the case of Intermediated Securities insert:]** Main Depository (or to its order) or, in case UBS Switzerland AG acts as Main Depository for the Securities, to (a) the relevant Holder (or to his order) (if he holds a securities account (*Effektenkonto*) at UBS Switzerland AG) or (b) in case of an intermediary (*Verwahrungsstelle*) which is associated with UBS Switzerland AG and which does not hold the relevant Securities for its own account, to, or to the order of, such intermediary (*Verwahrungsstelle*). The Issuer is not liable for any losses incurred by Holders due to non-performance of the **[[In the case of Securities, which are not Intermediated Securities, insert:]** Clearing System] **[[In the case of Intermediated Securities insert:]** Main Depository or, in case UBS Switzerland AG acts as Main Depository for the Securities, of an intermediary (*Verwahrungsstelle*) which does not hold the Securities for its own account].
- (4) **References to Principal.** References in these Terms and Conditions to "principal" shall be deemed to include, as applicable, the Bond Linked Redemption Amount the Early Redemption Amount; and any premium and any other amounts which may be payable under or in respect of the Securities.
- (5) **Rounding.** For the purposes of any calculation required pursuant to these Terms and Conditions, (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded up), (b) all figures shall be rounded to seven figures (provided that if the eighth figure is a "5" or greater, the seventh figure shall be rounded up), and (c) all currency amounts shall be rounded **[[In the case of all Securities other than Securities issued in JPY insert:]** to the nearest Unit of the Currency (with half a unit being rounded up) **[[In the case of Securities issued in JPY insert:]** down to the nearest JPY]. **[[In the case of all Securities other than Securities issued in JPY insert:]** For these purposes, "Unit" shall mean the lowest amount of the Currency that is available as legal tender in the county or countries of the Currency.]

## §6 (Taxation)

- (1) **Withholding or Deduction of Taxes.** All sums payable by or on behalf of the Issuer pursuant to these Terms and Conditions will be made without withholding or deduction of, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("Taxes") imposed by or on behalf of a Relevant Jurisdiction (as defined below), or any authority thereof or therein having power to impose Taxes unless such withholding or deduction is required by law.

**[[If the Issuer is not required to pay additional amounts in case of a tax withholding or deduction, insert the following subparagraph (2):]**

- (2) **No Payment of Additional Amounts.** If the Issuer is required to withhold or deduct any Taxes from any payments under the Securities, the Issuer will not pay any additional amounts which would result in the Holders receiving the amounts they would have received if the Issuer had not been required to withhold or deduct such Taxes. Instead, the Issuer will pay to the Holders only the net amount of the relevant payment (after withholding or deduction of such Taxes). For the avoidance of doubt, the payment of such net amount

shall not constitute an Event of Default.]

**[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction insert the following subparagraphs (2) and (3) and §4(2) (Tax Call).]**

- (2) *Payment of Additional Amounts.* If the Issuer is required to withhold or deduct any Taxes from any payments under the Securities, the Issuer will pay such additional amounts as will result in the Holders receiving the amounts they would have received if the Issuer had not been required to withhold or deduct such Taxes ("**Additional Amounts**").
- (3) *Exceptions to the Obligation to Pay Additional Amounts.* The Issuer will not be required to pay any Additional Amounts pursuant to §6(2) in relation to the Securities,
- (a) on behalf of a Holder who is liable to such Taxes on the Securities as a result of having some connection with the Relevant Jurisdiction other than its mere ownership or possession of the Securities or the receipt of principal in respect thereof; or
- (b) where such withholding or deduction relates to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation to which the Relevant Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding; or
- (c) on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Securities to, or arranging to receive payment through, another paying agent in a Member State of the European Union; or
- (d) more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder would have been entitled to receive the Additional Amounts if he had presented the Securities for payment on the last day of the 30-day period; or

**[[In case neither UBS AG, Hong Kong Branch, UBS AG, Jersey Branch nor UBS AG, London Branch is the Issuer insert:]**

- (e) where payments which qualify as interest for Swiss withholding tax purposes are subject to Swiss withholding tax according to the Swiss Federal Withholding Tax Law of 13 October 1965; or]
- ~~(e)~~**[(f)]** where such withholding or deduction is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or
- ~~(f)~~**[(g)]** where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*Abgeltungssteuern*) levied by Swiss paying agents in respect of persons resident in the other country on income of such persons on Securities booked or deposited with a Swiss paying agent and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or
- ~~(g)~~**[(h)]** where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than the Issuer withhold or deduct tax.]
- ~~(3)~~**[(4)]** *FATCA.* The Issuer is authorised to withhold or deduct from amounts payable under the Securities to a Holder or beneficial owner of Securities any amount that it is required to withhold or deduct pursuant to (a) sections 1471 to 1474 of the U.S. Internal Revenue Code or any associated regulations or other official guidance (the "**U.S. Provisions**"); (b) any treaty, law, regulation or other official guidance enacted in any other country which facilitates the implementation of the U.S. Provisions (the "**Foreign Provisions**"); (c) any intergovernmental agreement between the United States and any other country, which facilitates the implementation of the U.S. Provisions (the "**Intergovernmental Agreement**"); or (d) any agreement regarding the implementation of the U.S. Provisions, the Foreign Provisions and any Intergovernmental Agreement entered into by the Issuer with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other country (together with the U.S. Provisions, Foreign Provisions and Intergovernmental Agreement, "**FATCA**"). The Issuer will not be required to make any payment of additional amounts for or on account of any tax deducted by the Issuer or an intermediary in compliance with

FATCA.

[(4)](5) *Certain Definitions.* "**Relevant Jurisdiction**" means Switzerland [and] *[[In case UBS AG, Hong Kong Branch is the Issuer insert:]* the Hong Kong Special Administrative Region of the People's Republic of China] *[[In case UBS AG, Jersey Branch is the Issuer insert:]* Jersey] *[[In case UBS AG, London Branch is the Issuer insert:]* the United Kingdom] and any other jurisdiction in which the Issuer is or becomes subject to tax.

*[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction insert:]* "**Relevant Date**" means the date on which the payment first becomes due. If the full amount of the moneys payable on the due date has not been received by the Paying Agent on or before the due date, then "**Relevant Date**" means the date on which notice to the effect that the full amount of the moneys due has been received by the Paying Agent is published in accordance with these Terms and Conditions.]

#### **§7 (Prescription)**

*[[In the case of Securities governed by German law insert:]*

The presentation period provided in §801 paragraph 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*; the "**BGB**") is reduced to ten years for the Securities.]

*[[In the case of Securities governed by Swiss law insert:]*

In accordance with Swiss law, claims of any kind against the Issuer arising under the Securities will be prescribed ten years after the earlier of (a) the date on which the early redemption or (b) the date on which the ordinary redemption of the Securities has become due.]

#### **§8 (Events of Default)**

If any of the following events (each an "**Event of Default**") occurs, any Holder may by written notice to the Issuer declare its Securities in whole, but not in part, to be forthwith due and payable, whereupon an amount which equals the Bond Linked Redemption Amount which would have been payable if the date such written notice was received by the Issuer had been a Roll Date shall become due and payable on the fifth Business Day after such notice, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer:

- (a) There is a default for more than 30 days in the payment of any amount due in respect of the Securities; or
- (b) any order is made by any competent court or other authority in any jurisdiction or any resolution is passed by the Issuer (i) for the dissolution or winding-up of the Issuer, or (ii) for the appointment of a liquidator, receiver or administrator of the Issuer or of all or a substantial part of the Issuer's assets, or (iii) with analogous effect for the Issuer, it being understood that anything in connection with a solvent reorganisation, reconstruction, amalgamation or merger shall not constitute an event of default; or
- (c) the Issuer admits in writing its inability to pay its debts as they fall due or otherwise acknowledges its insolvency.

#### **§9 (Agents)**

- (1) *Appointment.* The Principal Paying Agent [, the Paying Agent[s]] and the Calculation Agent (together, the "**Agents**") and their offices (which can be substituted with other offices) are:

**Principal Paying Agent:**

[Banque Internationale à Luxembourg, *société anonyme*  
69, route d'Esch  
L-2953 Luxembourg]

[UBS Deutschland AG  
Bockenheimer Landstraße 2-4  
D-60306 Frankfurt am Main]

[UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich]

***[Insert other principal paying agent.]***

**[Paying Agent[s]:**

[UBS Limited c/o]

[[UBS Limited] [UBS AG, London Branch]  
1 Finsbury Avenue  
GB-London EC2M 2PP]

[UBS Deutschland AG  
Bockenheimer Landstraße 2-4  
D-60306 Frankfurt am Main]

[UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich]

[UBS AG, Hong Kong Branch  
2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]

***[Insert other paying agent(s).]***

**Calculation Agent:**

UBS [AG] [Limited] [, Hong Kong Branch] [, Jersey Branch] [, London Branch]

[Bahnhofstrasse 45  
CH-8001 Zurich /  
Aeschenvorstadt 1  
CH-4051 Basel]

[2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]

[24 Union Street  
St. Helier JE2 3RF  
Jersey  
Channel Islands]

[1 Finsbury Avenue  
GB-London EC2M 2PP]

***[Insert other calculation agent.]***

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another principal paying agent or additional or other paying agents or another calculation agent provided that the Issuer shall at all times maintain (a) a principal paying agent, and (b) a calculation agent.

The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

***[[In the case of Securities denominated in USD insert:]***

- (3) *U.S. Paying Agent.* In case payments at or through the offices of all paying agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. dollars, the Issuer shall at all times maintain a paying agent with a specified office in New York.]

[(3)][(4)] *Agent of the Issuer.* Any Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

[(4)][(5)] *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Terms and Conditions by the Calculation Agent shall (in the absence of a proven or manifest error) be final and binding on the

Issuer, the Principal Paying Agent, the Paying Agents and the Holders.

- ~~[(5)]~~[(6)] None of the Issuer, the Calculation Agent, the Principal Paying Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correction made in the calculation or publication of any amount in relation to the Securities, whether caused by negligence or otherwise (other than gross negligence or willful misconduct).

#### §10

#### **(Substitution of the Issuer ~~[[In the case of Securities pursuant to which the Holders will receive a guarantee in the case of a restructuring of the group structure of the Issuer insert:]]~~ . Restructuring)**

- (1) *Substitution.* The Issuer (reference to which shall always include any previous substitute debtor) may and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of any Holder at any time, substitute for itself as the principal debtor in respect of the Securities (a) any company (incorporated in any country in the world) controlling, controlled by or under common control with, the Issuer, (b) any other company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property; and (c) any branch of such company referred to in (a) and (b) (any such company or branch, the "**Substitute Debtor**"), provided that:
- (a) the Substitute Debtor shall assume all obligations that the Issuer owes to the Holders under or in relation to the Securities and be bound by these Terms and Conditions as fully as if the Substitute Debtor had been named in these Terms and Conditions as the principal debtor in respect of the Securities in place of the Issuer; and
  - (b) the Issuer or the Substitute Debtor has agreed to indemnify each Holder against any tax, duty, fee or other governmental charge imposed on such Holder in respect of the substitution, and
  - (c) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor as principal debtor.
- (2) *Change of References.* As of the effective date of such substitution, any reference in these Terms and Conditions to the Issuer shall be deemed to refer to the Substitute Debtor and any reference ~~[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction insert:]]~~ (other than the references in §6(3)(e) to ~~[(g)] [(h)]~~) to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor and these Terms and Conditions shall thereupon be deemed to be amended to give effect to the substitution. Furthermore, in the event of such substitution the following shall apply:
- (a) in §6 ~~[[If the Issuer is not required to pay additional amounts in case of a tax withholding or deduction, insert:]]~~ (4) ~~[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction, insert:]]~~ (5) an alternative reference to ~~[[In case neither UBS AG, Hong Kong Branch, UBS AG, Jersey Branch nor UBS AG, London Branch is the Issuer insert:]]~~ Switzerland] ~~[[In case UBS AG, Hong Kong Branch is the Issuer insert:]]~~ the Hong Kong Special Administrative Region of the People's Republic of China] ~~[[In case UBS AG, Jersey Branch is the Issuer insert:]]~~ Jersey] ~~[[In case UBS AG, London Branch is the Issuer insert:]]~~ the United Kingdom] shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor; and
  - (b) in §6 and §8(b) and (c) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference according to the preceding sentence to the Substitute Debtor, and
  - (c) in §8 a further Event of Default shall be deemed to have been included which shall exist in the case that the Guarantee pursuant to paragraph (1)(c) is invalid.
- (3) *Notices.* Any such substitution shall be notified by the Substitute Debtor as soon as reasonably possible to the Holders and to any other person or authority as required by applicable laws or regulations.
- (4) *Certain Definitions.* For the purposes of this §10, the term "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first-mentioned company, and for this purpose "**Voting Shares**" means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and "**controlling**", "**controlled**" and "**under common control**" shall be construed accordingly.

~~[[In the case of Securities pursuant to which the Holders will receive a guarantee in the case of a restructuring of the group structure of the Issuer insert:]]~~



- (5) *Restructuring.* If after the issue of the Securities and due to or following a restructuring of the group structure of the Issuer (a) **[[In case all credit ratings have to be downgraded insert:] all] [[In case only one of the credit ratings has to be downgraded insert:] one of the]** long-term credit ratings of the Issuer, which the Issuer has received from **[[In case only one of the credit ratings has to be downgraded insert:] an]** internationally recognised rating [agencies] [agency] (the "**Internationally Recognised Rating [Agencies] [Agency]**") and, as applicable, the "**Internationally Recognised Rating[s]**"), [are] [is] downgraded (**[[In case all credit ratings have to be downgraded insert:] each,]** a "**Restructuring Related Rating Downgrade**"), [(b) such Restructuring Related Rating Downgrade[s] results in the Issuer being qualified as speculative investment (*non-investment grade / speculative grade*) by **[[In case all credit ratings have to be downgraded insert:] all such] [[In case only one of the credit ratings has to be downgraded insert:] the relevant]** Internationally Recognised Rating [Agencies] [Agency]], and [(b)] [(c)] the Issuer is not the company with the highest Internationally Recognised Rating within the group of companies to which the Issuer belongs (for the purposes of this §10(5) only, the "**UBS Group**") on the date on which the **[[In case all credit ratings have to be downgraded insert:] last]** Restructuring Related Rating Downgrade takes effect (the "**Restructuring Date**"), the Issuer will ensure that the claims of the Holders pursuant to the Securities will be guaranteed as soon as possible following the **[[In case all credit ratings have to be downgraded insert:] last]** Restructuring Related Rating Downgrade by a company (the "**Guarantor**") which is part of the UBS Group.

The Guarantor must have at least **[[In case all credit ratings have to be downgraded insert:] one of]** the Internationally Recognised Rating[s] which the Issuer had immediately prior to the **[[In case all credit ratings have to be downgraded insert:] first]** Restructuring Related Rating Downgrade (a "**Minimum Rating**").

In case no company belonging to the UBS Group has a Minimum Rating, the Issuer will ensure that the claims of the Holders pursuant to the Securities will be guaranteed by such company belonging to the UBS Group, which has received the next lower rating (in comparison to the Minimum Rating) from **[[In case all credit ratings have to be downgraded insert:] one of]** the Internationally Recognised Rating [Agencies] [Agency].]

#### §11

##### (Further Issues. Purchases. Cancellation)

- (1) *Further Issues.* The Issuer may from time to time without the consent of the Holders create and issue further Securities having the same terms and conditions as the Securities (except for the issue price and the Issue Date) so that the same shall be consolidated and form a single Series with these Securities, and references to "Securities" shall be construed accordingly.
- (2) *Purchases.* The Issuer and any of its subsidiaries may at any time purchase Securities at any price in the open market or otherwise. Such Securities may be held, resold or cancelled, all at the option of the Issuer.
- (3) *Cancellation.* All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

#### §12

##### (Notices)

- (1) *Publications.* All notices concerning the Securities shall be published on the website **www.[insert website address]** or any successor or replacement address thereto. Any notice so given will be deemed to have been validly given on **[[In the case of Securities governed by German law insert:] the fifth day following the date of such publication (or, if published more than once, on the fifth day following the first such publication)] [[In the case of Securities governed by Swiss law insert:] [the fifth day following the date of such publication (or, if published more than once, on the fifth day following the first such publication)]] [the date of such publication]].**
- (2) *Notices through the Clearing System.* The Issuer may, instead of a publication pursuant to subparagraph (1), deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the **[[In the case of Securities governed by German law insert:] fifth day after the day] [[In the case of Securities governed by Swiss law insert:] [fifth day after the day] [day]]** on which said notice was given to the Clearing System.
- (3) *Notices to the Issuer.* Unless otherwise specified in these Terms and Conditions for certain notices, notices by the Holders to the Issuer shall be given by delivering such notices in writing to UBS Switzerland AG, Bahnhofstrasse 45, P.O. Box, CH-8098 Zurich or to such other address as may be notified to the Holders.

**§13**

**(Governing Law. Place of Jurisdiction. *[[In the case of Securities governed by German law insert:]* Enforcement. Process Agent.] Corrections)**

- (1) *Governing Law.* The Securities are governed by *[[In the case of Securities governed by German law insert:]* German law *[[In the case of Securities governed by Swiss law insert:]* Swiss law].
- (2) *Place of Jurisdiction.* Exclusive place of jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Securities shall be *[[In the case of Securities governed by German law insert:]* the District Court (*Landgericht*) of Frankfurt am Main, Federal Republic of Germany *[[In the case of Securities governed by Swiss law insert:]* the courts of Zurich (1), Switzerland]. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

***[[In the case of Securities governed by German law insert:]***

- (3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under the Securities on the basis of (a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Securities (i) stating the full name and address of the Holder, (ii) specifying the *[[In the case of Securities having a specified denomination insert:]* aggregate principal amount *[[In the case of Securities having a par value insert:]* total number] of Securities credited to such securities account on the date of such statement and (iii) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii) and (b) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Securities. "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Securities and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Securities also in any other manner permitted in the country of the Proceedings.
- (4) *Process Agent.* For any Proceedings before German courts, the Issuer appoints UBS Deutschland AG, Stephanstraße 14-16, D-60313 Frankfurt am Main as its authorised agent for service of process in Germany.]

**[(3)][(5)]** *Corrections.* The Issuer is entitled to modify or amend, as the case may be, these Terms and Conditions in each case without the consent of the Holders in such manner as the Issuer deems necessary, if the modifications or amendments

- (a) are of a formal, minor or technical nature; or
- (b) are made to cure a manifest or proven error; or
- (c) are made to cure any ambiguity; or are made to correct or supplement any defective provisions of these Terms and Conditions; or
- (d) are made to correct an error or omission such that, in the absence of such correction, the Terms and Conditions would not otherwise represent the intended terms of the Securities pursuant to which the Securities were sold and have since been traded.

Any modification or amendment of these Terms and Conditions shall only be permitted if it is reasonably acceptable for the Issuer and the Holders taking into consideration the interests of both the Issuer and the Holders (in particular in respect of the equivalence of the performance of the Holders as the purchasers of the Securities and any consideration of the Issuer pursuant to these Terms and Conditions), shall take effect in accordance with its terms, shall be binding on the Holders and shall be notified to the Holders.]

**§14**

**(Language)**

***[[If the Terms and Conditions shall be in the German language with an English language translation insert:]***

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.]

***[[If the Terms and Conditions shall be in the English language with a German language translation insert:]***

These Terms and Conditions are written in the English language and provided with a German language translation. The English text shall be controlling and binding. The German language translation is provided for convenience only.]

***[[If the Terms and Conditions shall be in the English language only insert:]]***

These Terms and Conditions are written in the English language only.]

## Option III – Extendible Money Market Certificates

### §1

#### (Currency. Denomination. Form. Clearing System. Certain Definitions)

- (1) *Currency. Denomination. Form.* This Series of Securities (the "**Securities**") of UBS AG [,Bahnhofstrasse 45, CH-8001 Zurich / Aeschenvorstadt 1, CH-4051 Basel,] *[[In case UBS AG, Hong Kong Branch is the Issuer insert.],* acting through UBS AG, Hong Kong Branch, 2 International Finance Centre, 52/F, 8 Finance Street, Central, Hong Kong] *[[In case UBS AG, Jersey Branch is the Issuer insert.],* acting through UBS AG, Jersey Branch, 24 Union Street, St. Helier JE2 3RF, Jersey, Channel Islands,] *[[In case UBS AG, London Branch is the Issuer insert.],* acting through UBS AG, London Branch, 1 Finsbury Avenue, GB-London EC2M 2PP,] (the "**Issuer**") is issued in *[[In the case of Securities having a specified denomination insert.],* *[insert currency]* (" *[insert abbreviation of the currency]*" or the "**Currency**") in an aggregate principal amount of [up to] *[insert amount [\*]]* on *[insert issue date]* (the "**Issue Date**") in a denomination of *[insert denomination]* (the "**Specified Denomination**").] *[[In the case of Securities having a par value insert.],* [up to] *[insert number of units [\*]]* units in *[insert currency]* (the "**Currency**") on *[insert issue date]* (the "**Issue Date**") having a par value of *[insert par value]* each (the "**Par Value**").] The Securities are being issued in *[[In the case of Securities issued in bearer form insert.],* bearer form] *[[In the case of Securities issued in the form of Intermediated Securities insert.],* the form of intermediated securities (*Bucheffekten*; the "**Intermediated Securities**") pursuant to the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*; the "**FISA**").]

#### *[[In the case of TEFRA C Securities insert.],*

- (2) *Permanent Global Note.* The Securities are represented by a permanent global note (the "**Permanent Global Note**" or "**Global Note**") without coupons which shall be signed manually by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent. The Holders are not entitled to request delivery of definitive Securities.]

#### *[[In the case of TEFRA D Securities insert.],*

- (2) *Temporary Global Note – Exchange.*
- (a) The Securities are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons which will be exchangeable for a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, each a "**Global Note**") without coupons. Each Global Note shall be signed manually by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. The Holders are not entitled to request delivery of definitive Securities.
- (b) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not earlier than 40 days after the Issue Date. Such exchange and any payment of interest on the Securities represented by a Temporary Global Note shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Note is (are) not U.S. person(s). Any such certification received by the Principal Paying Agent on or after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Note as described above. Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.]

#### *[[In the case of Intermediated Securities insert.],*

- (2) *Intermediated Securities.* The Intermediated Securities are created based on global notes (*Globalurkunden*; "**Global Notes**") pursuant to article 973b of the Swiss Federal Code of Obligations ("**CO**") or uncertificated securities (*Wertrechte*; "**Uncertificated Securities**") pursuant to article 973c CO by (a) depositing the Global Notes with a depository (*Verwahrungsstelle*) in accordance with the FISA (the "**Main Depository**") or entering the Uncertificated Securities into the main register of a Main Depository, and (b) making a credit entry into one or more securities accounts (*Effektenkonten*). The Issuer will usually choose SIX SIS AG, Baslerstrasse 100, CH-4600 Olten ("**SIX SIS**") as Main Depository, but reserves the right to choose any other depository permitted under article 4 FISA as Main Depository (including UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich).

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\* The aggregate principal amount will be determined [at the end of the Subscription Period] depending on the demand for the Securities [during the Subscription Period].

\*\* The number of units will be determined [at the end of the Subscription Period] depending on the demand for the Securities [during the Subscription Period].

The records of the Main Depository will determine the number of Securities held by each participant of the Main Depository.

The Intermediated Securities are transferred and otherwise disposed of in accordance with the provisions of the FISA and the relevant agreements with the respective Main Depository (in particular, neither the Intermediated Securities nor any rights pertaining to the Intermediated Securities may be transferred by way of assignment pursuant to articles 165 *et seq.* CO without the prior written consent of the Issuer).

Holders shall at no time have the right to effect or demand (a) the conversion of Uncertificated Securities into definitive Securities (or *vice versa*) and/or (b) delivery of definitive Securities (including Global Notes).

The Issuer may convert Global Notes (constituting the basis for Intermediated Securities) into Uncertificated Securities (constituting the basis for Intermediated Securities) and *vice versa* at any time and without the consent of the Holders.]

- (3) *Clearing System.* **[[In the case of Securities, which are not Intermediated Securities, insert:]** Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Securities have been satisfied.] "**Clearing System**" means **[[In the case more than one Clearing System shall be applicable insert:]** each of] the following: [Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**") [,] [and] [Clearstream Banking *société anonyme*, Luxembourg ("**Clearstream Luxembourg**") [,] [and] [Euroclear Bank SA/NV ("**Euroclear**") [,] [and] [SIX SIS] [,] [and] [*insert other Clearing System*] or any successor **[[In the case more than one Clearing System shall be applicable insert:]** of one of these Clearing Systems] in this capacity.
- (4) *Holder of Securities.* "**Holder**" or "**Investor**" means **[[In the case of Securities, which are not Intermediated Securities, insert:]** any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder or Investor in accordance with the provisions of the Clearing System] **[[In the case of Intermediated Securities insert:]** each person holding any Security in a securities account (*Effektenkonto*) (that is in its own name) with an intermediary, it being understood that entities qualifying as intermediaries according to the FISA will only be deemed to be "Holders" or "Investors" if they hold the Securities for their own account in a securities account (*Effektenkonto*) (that is in their own name) with another intermediary].
- (5) *Business Day.* "**Business Day**" means a day (other than Saturday and Sunday) on which **[[In case financial centres and TARGET shall be open and/or operating insert:]** (a) **[[In case financial centres shall be open insert:]** banks are open for business (including dealings in foreign exchange and foreign currency deposits) in [Luxembourg] [,] [and] [Zurich] [,] [and] [*insert all relevant financial centres*] **[[In case financial centres and TARGET shall be open and/or operating insert:]** and (b) **[[In case TARGET shall be operating insert:]** all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET 2**") are operating to effect payments in Euro].
- (6) *United States.* "**United States**" means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

## §2 (Status. Classification)

- (1) *Status.* The obligations under the Securities constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations as may be preferred by mandatory provisions of law.
- (2) *Classification of the Securities.* The Securities do not represent a participation in any of the collective investment schemes pursuant to article 7 *et seq.* of the Swiss Federal Act on Collective Investment Schemes, as amended from time to time (the "**CISA**") and thus do not require an authorisation of the Swiss Financial Market Supervisory Authority (the "**FINMA**"). Therefore, Holders are not eligible for the specific investor protection under the CISA. Furthermore, the Securities do not benefit from any depositor protection under article 37b of the Swiss Federal Law on Banks and Savings Banks, as amended from time to time or other forms of deposit insurance under any other laws as might be applicable to the Securities.

## §3 (Interest)

- (1) *No periodic payments of interest.* There will not be any periodic payments of interest on the Securities.

- (2) *Default Interest.* If the Issuer fails to redeem the Securities when due, interest shall accrue on the outstanding **[[In the case of Securities having a specified denomination insert.] Specified Denomination] [[In the case of Securities having a par value insert.] Par Value]** of the Securities from, and including, the due date for redemption to, but excluding, the date of actual redemption of the Securities at the default rate of interest established by law **[[In case of Securities governed by German law insert.] <sup>1</sup>]**. This does not affect any additional rights that might be available to the Holders.

**§4  
(Redemption)**

**[[In case of Securities with an Issuer's Extension Option insert.]**

- (1) *Redemption.* Subject to an early redemption of the Securities, the Securities shall be redeemed as follows:
- (a) on **[insert Maturity Date]** (the "**Initial Maturity Date**") at the Redemption Amount in case the Issuer's Extension Option according to §4(2) has not been exercised by the Issuer on the Issuer's Extension Option Exercise Date prior to the Initial Maturity Date, or
  - (b) (i) on the maturity date specified in the last Issuer's Extension Option Exercise Notice (each maturity date specified in an Issuer's Extension Option Exercise Notice, an "**Extended Maturity Date**") at the Redemption Amount in case the Issuer's Extension Option according to §4 (2) has not been exercised by the Issuer on the Issuer's Extension Option Exercise Date prior to the relevant Extended Maturity Date, or
  - (ii) on the date, which is **[32] [insert other number of days]** calendar days after the Holder's Put Option Exercise Date on which the Holder has duly exercised its Investor's Put Option (the "**Put Redemption Date**") at the Put Redemption Amount,

(the Initial Maturity Date, the Extended Maturity Dates and the Put Redemption Date are each a "**Maturity Date**").

- (2) *Issuer's Extension Option.* The Issuer has the right (the "**Issuer's Extension Option**") to determine that the Securities shall not be redeemed and that the maturity date shall be postponed by **[insert number of calendar months or calendar days] [calendar months] [calendar days]** instead by **[(a) publishing an Issuer's Extension Option Exercise Notice [on the website www.[insert website address] or a successor or replacement address thereto] [insert other publication provisions] and] [(b) submitting an Issuer's Extension Option Exercise Notice to the Holders through the relevant Clearing System not later than [11:00] [insert time] [a.m.] [p.m.] [(CET)] [(insert place) time]]** on the Issuer's Extension Option Exercise Date.

"**Issuer's Extension Option Exercise Notice**" means a notice by the Issuer which comprises at least the following information: (a) a confirmation that the Issuer exercises the Issuer's Extension Option; (b) the Extended Maturity Date, (c) the Bonus Rate for the following Accrual Period, (d) the Put Rate for the following Accrual Period and (e) the form of the Holder's Put Option Exercise Notice.

"**Issuer's Extension Option Exercise Date**" means the date which is **[15] [insert other number of days]** calendar days prior to the respective Maturity Date or the Extended Maturity Date.

- (3) *Investor's Put Option.* In case the Issuer has exercised the Issuer's Extension Option in accordance with §4(2) each Holder has the right (the "**Investor's Put Option**") to demand redemption of the Securities held by such Holder in accordance with §4(1)(b)(ii) above by (a) submitting to the Issuer through the relevant Clearing System (by contacting the relevant custodian bank of such Holder) an Investor's Put Option Exercise Notice not later than the Investor's Put Option Exercise Date **[11:00] [insert time] [a.m.] [p.m.] [(CET)] [(insert place) time]** and (b) releasing (or, as the case may be, instructing its depository bank to release) the Securities for redemption and cancellation by the Issuer.

"**Investor's Put Option Exercise Notice**" means a notice by a Holder that such Holder wants to exercise the Holder's Put Option. A form of such exercise notice shall be delivered to each Holder by the Issuer together with the Issuer's Extension Option Exercise Notice, if any.

"**Investor's Put Option Exercise Date**" means the date which is **[5] [insert other number of days]** calendar days prior to the respective Maturity Date or Extended Maturity Date.]

**[[In case of Securities with an Automatic Extension insert.]**

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<sup>1</sup> The default rate of interest *per annum* established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§288 (1), 247 (1) German Civil Code.

- (1) *Redemption.* Subject to an early redemption of the Securities, the Securities shall be redeemed as follows:
- (a) on **[insert Maturity Date]** (the "**Initial Maturity Date**") at the Redemption Amount in case the term of the Securities according to §4(2) has not been automatically extended on the Automatic Extension Date prior to the Initial Maturity Date, or
  - (b) (i) on the maturity date specified in the last Issuer's Extension Rate Notice (each maturity date specified in an Issuer's Extension Rate Notice, an "**Extended Maturity Date**") at the Redemption Amount in case the term of the Securities according to §4 (2) has not been further automatically extended on the Automatic Extension Date prior to the relevant Extended Maturity Date due to the Issuer invoking its call option (the "**Issuer's Call Option**"), or
  - (ii) on the date, which is **[32] [insert other number of days]** calendar days after the Holder's Put Option Exercise Date on which the Holder has duly exercised its Investor's Put Option (the "**Put Redemption Date**") at the Put Redemption Amount,

(the Initial Maturity Date, the Extended Maturity Dates and the Put Redemption Date are each a "**Maturity Date**").

- (2) *Automatic Extension.* In case the Issuer does not exercise the Issuer's Call Option by giving an Issuer's Call Option Notice, the maturity date shall be automatically extended on the Automatic Extension Date by one Accrual Period ("**Automatic Extension**").

"**Issuer's Call Option Notice**" means a notice by the Issuer with which the Issuer exercises the Issuer's Call Option. The Issuer's Call Option Notice shall be published **[on the website www.[insert website address] or a successor or replacement address thereto] [insert other publication provisions]** and submitted to the Holders through the relevant Clearing System not later than **[11:00] [insert time] [a.m.] [p.m.] [(CET)] [(insert place) time]** on the relevant Automatic Extension Date.

"**Automatic Extension Date**" means the date which is **[15] [insert other number of days]** calendar days prior to the respective Maturity Date or the Extended Maturity Date.

In case of an Automatic Extension, the Issuer shall publish a notice (the "**Issuer's Extension Rate Notice**") **[on the website www.[insert website address] or a successor or replacement address thereto] [insert other publication provisions]** and submit such Issuer's Extension Rate Notice to the Holders through the relevant Clearing System not later than **[11:00] [insert time] [a.m.] [p.m.] [(CET)] [(insert place) time]** on the relevant Automatic Extension Date. The Issuer's Extension Rate Notice shall contain (a) the Extended Maturity Date, (b) the Bonus Rate and the Put Rate for the following Accrual Period, and (c) the form of the Investor's Put Option Exercise Notice.

- (3) *Investor's Put Option.* In case of an Automatic Extension in accordance with §4(2) each Holder has the right (the "**Investor's Put Option**") to demand redemption of the Securities held by such Holder in accordance with §4(1)(b)(ii) above by (a) submitting to the Issuer through the relevant Clearing System (by contacting the relevant custodian bank of such Holder) an Investor's Put Option Exercise Notice not later than the Investor's Put Option Exercise Date **[11:00] [insert time] [a.m.] [p.m.] [(CET)] [(insert place) time]** and (b) releasing (or, as the case may be, instructing its depository bank to release) the Securities for redemption and cancellation by the Issuer.

"**Investor's Put Option Exercise Notice**" means a notice by a Holder that such Holder wants to exercise the Holder's Put Option. A form of such exercise notice shall be delivered to each Holder by the Issuer together with the Issuer's Extension Rate Notice.

"**Investor's Put Option Exercise Date**" means the date which is **[5] [insert other number of days]** calendar days prior to the respective Maturity Date or Extended Maturity Date.]

- (4) *Early Redemption in Case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging.* The Issuer may give notice to the Holders and redeem the Securities in whole, but not in part, at any time prior to the Maturity Date at their Early Redemption Amount in case of a Change in Law, a Hedging Disruption and/or an Increased Cost of Hedging. In this case, redemption of the Securities shall take place no later than **[five] [insert other number of Business Days]** Business Days after such notice of early redemption has validly been given to the Holders (the "**Early Redemption Date**").

"**Change in Law**" means that, on or after the Issue Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good

faith that (i) it has become illegal to hold, acquire or dispose of the Securities or (ii) it will incur materially increased cost in performing its obligations under the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"**Hedging Disruption**" means that the Issuer is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets.

"**Increased Cost of Hedging**" means that the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transactions or assets, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

**[[In case the Issuer is required to pay additional amounts in case of a tax withholding or deduction in accordance with §6 insert:]**

- (5) *Tax Call.* The Securities shall be redeemed at their Early Redemption Amount at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Holders (which notice shall be irrevocable) by settlement in accordance with §5 if (a) on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay Additional Amounts (as defined in §6) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in §6) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures (but no substitution of the Issuer pursuant to §10) available to it. Before the publication of any notice of redemption pursuant to this subparagraph, the Issuer shall deliver to the Holders a copy of a certificate signed by the management of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and a copy of an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.]

~~(5)~~[(6)] The "**Redemption Amount**" means an amount per Security (expressed in **[insert currency]**), which equals the product of (a) **[insert currency] [insert Par Value or Specified Denomination]** and (b) the accrued interest based on the Accretion Factor<sub>nBR</sub> and which is calculated in accordance with the following formula:

**[insert currency] [insert Par Value or Specified Denomination] \* Accretion Factor<sub>nBR</sub>**

The "**Put Redemption Amount**" means an amount per Security (expressed in **[insert currency]**), which equals the product of (a) **[insert currency] [insert Par Value or Specified Denomination]** and (b) the accrued interest based on the Accretion Factor<sub>nPR</sub> and which is calculated in accordance with the following formula:

**[insert currency] [insert Par Value or Specified Denomination] \* Accretion Factor<sub>nPR</sub>**

"**Accretion Factor<sub>n</sub>**" ("**AF<sub>nBR</sub>**") means the Accretion Factor in respect of the relevant Accrual Periods, calculated by the Calculation Agent in accordance with the following formula:

$$AF_{nBR} = AF_{n-1} * [1 + (Bonus Rate_n * Days_n / [360][365])]$$

"**Accretion Factor<sub>nPR</sub>**" ("**AF<sub>nPR</sub>**") means the Accretion Factor<sub>nBR</sub> for all Accrual Periods (other than the n-th Accrual Period) and the accretion factor for the last Accrual Period<sub>n</sub>, calculated by the Calculation Agent in accordance with the following formula:

$$AF_{nPR} = AF_{nBR-1} * [1 + (Put Rate_n * Days_n / [360][365])]$$

whereby:

"**AF<sub>0</sub>**" is the Accretion Factor at Issue Date which equals 1.

"**AF<sub>1</sub>**" means the Accretion Factor at the end of the first Accrual Period.

"**AF<sub>n</sub>**" is the Accretion Factor at the end of the n-th Accrual Period.



"Days<sub>1</sub>" / "Days<sub>n</sub>" means the number of calendar days in the first and the n-th Accrual Period.

"**Accrual Period**" means, in the case of the first accrual period, the period from, and including, the Issue Date to, but excluding, the Initial Maturity Date (the "**First Accrual Period**"), in the case of the second accrual period, the period from, and including, the Initial Maturity Date to, but excluding, the following Extended Maturity Date, and, thereafter, in the case of any period between two successive Extended Maturity Dates, the period from, and including, one Extended Maturity Date to, but excluding, the following Extended Maturity Date.

***[[In case of Securities with an Issuer's Extension Option insert:]***

The "**Bonus Rate<sub>n</sub>**" for an Accrual Period<sub>n</sub> will be determined by the Issuer prior to the Investor's Put Option Exercise Date and published in the respective Issuer's Extension Option Exercise Notice for the immediately following Accrual Period [and will in any event be [at least **[[insert percentage]** per cent.] ***[[insert other determination of minimum rate]***] [and] [not more than **[[insert percentage]** per cent.] ***[[insert other determination of maximum rate]***] per annum]. The Bonus Rate for the First Accrual Period will be ***[[insert percentage]*** per cent. per annum.

The "**Put Rate<sub>n</sub>**" for an Accrual Period<sub>n</sub> will be determined by the Issuer prior to the Investor's Put Option Exercise Date and published in the respective Issuer's Extension Option Exercise Notice for the immediately following Accrual Period [and will in any event be [at least **[[insert percentage]** per cent.] ***[[insert other determination of minimum rate]***] [and] [not more than **[[insert percentage]** per cent.] ***[[insert other determination of maximum rate]***] per annum]. The Put Rate for the First Accrual Period will be ***[[insert percentage]*** per cent. per annum.]

***[[In case of Securities with an Automatic Extension insert:]***

The "**Bonus Rate<sub>n</sub>**" for an Accrual Period<sub>n</sub> will be published in the respective Issuer's Extension Rate Notice for the immediately following Accrual Period [and will in any event be [at least **[[insert percentage]** per cent.] ***[[insert other determination of minimum rate]***] [and] [not more than **[[insert percentage]** per cent.] ***[[insert other determination of maximum rate]***] per annum]. The Bonus Rate for the First Accrual Period will be ***[[insert percentage]*** per cent. per annum.

The "**Put Rate<sub>n</sub>**" for an Accrual Period<sub>n</sub> will be published in the respective Issuer's Extension Rate Notice for the immediately following Accrual Period [and will in any event be [at least **[[insert percentage]** per cent.] ***[[insert other determination of minimum rate]***] [and] [not more than **[[insert percentage]** per cent.] ***[[insert other determination of maximum rate]***] per annum]. The Put Rate for the First Accrual Period will be ***[[insert percentage]*** per cent. per annum.]

***[(6)]******[(7)]*** *Early Redemption Amount.* The "**Early Redemption Amount**" in respect of each Security shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Securities less any Breakage Costs.

"**Breakage Costs**" means the amount of losses or costs of the Issuer that is or would be incurred in terminating any hedging arrangement (including, without limitation, any options, swaps or other securities of any type whatsoever hedging the Issuer's obligations under the Securities).

**§5  
(Payments)**

- (1) (a) *Payments of Principal.* Payments of principal in respect of the Securities shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the ***[[In the case of Securities, which are not Intermediated Securities, insert:]*** Clearing System or to its order] ***[[In the case of Intermediated Securities insert:]*** Main Depository or to its order] for credit to the accounts of the relevant account holders of the ***[[In the case of Securities, which are not Intermediated Securities, insert:]*** Clearing System] ***[[In the case of Intermediated Securities insert:]*** Main Depository] ***[[In the case of Securities, which are not Intermediated Securities, insert:]*** upon presentation and surrender of the Global Note at the specified office of any paying agent outside the United States] ***[[In the case of Intermediated Securities insert:]*** in accordance with the FISA and the rules and regulations of the Main Depository].
- (b) *Payments of Interest.* Payments of interest in respect of the Securities shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the ***[[In the case of Securities, which are not Intermediated Securities, insert:]*** Clearing System or to its order] ***[[In the case of Intermediated Securities insert:]*** Main Depository or to its order] for credit to the relevant account holders of the ***[[In the case of Securities, which are not Intermediated Securities, insert:]*** Clearing System] ***[[In the case of Intermediated Securities insert:]*** Main Depository] ***[[In the case of Securities, which are***

**not Intermediated Securities, insert:]** upon presentation of the Global Note at the specified office of any paying agent outside the United States and upon delivery of certifications to the effect that the beneficial owner or owners of the Securities represented by the Temporary Global Note are not U.S. persons] **[[In the case of Intermediated Securities insert:]** in accordance with the FISA and the rules and regulations of the Main Depository].

- (2) **Business Day Convention.** If the due date for any payment in respect of the Securities would otherwise fall on a calendar day which is not a Business Day, the due date for such payment shall be

**[[In case the Modified Following Business Day Convention applies insert:]** postponed to the next calendar day which is a Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Business Day.]

**[[In case the Following Business Day Convention applies insert:]** postponed to the next calendar day which is a Business Day.]

**[[In case the Preceding Business Day Convention applies insert:]** moved forward to the immediately preceding calendar day which is a Business Day.]

- (3) **Discharge.** The Issuer shall be discharged by payment to the **[[In the case of Securities, which are not Intermediated Securities, insert:]** Clearing System (or to its order) **[[In the case of Intermediated Securities insert:]** Main Depository (or to its order) or, in case UBS Switzerland AG acts as Main Depository for the Securities, to (a) the relevant Holder (or to his order) (if he holds a securities account (*Effektenkonto*) at UBS Switzerland AG) or (b) in case of an intermediary (*Verwahrungsstelle*) which is associated with UBS Switzerland AG and which does not hold the relevant Securities for its own account, to, or to the order of, such intermediary (*Verwahrungsstelle*). The Issuer is not liable for any losses incurred by Holders due to non-performance of the **[[In the case of Securities, which are not Intermediated Securities, insert:]** Clearing System] **[[In the case of Intermediated Securities insert:]** Main Depository or, in case UBS Switzerland AG acts as Main Depository for the Securities, of an intermediary (*Verwahrungsstelle*) which does not hold the Securities for its own account].
- (4) **References to Principal and Interest.** References in these Terms and Conditions to "principal" shall be deemed to include, as applicable, the Final Redemption Amount the Early Redemption Amount and any premium and any other amounts which may be payable under or in respect of the Securities. References to "interest" shall be deemed to include, as applicable, any Additional Amounts which may be payable according to §6.
- (5) **Rounding.** For the purposes of any calculation required pursuant to these Terms and Conditions, (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded up), (b) all figures shall be rounded to seven figures (provided that if the eighth figure is a "5" or greater, the seventh figure shall be rounded up), and (c) all currency amounts shall be rounded **[[In the case of all Securities other than Securities issued in JPY insert:]** to the nearest Unit of the Currency (with half a unit being rounded up) **[[In the case of Securities issued in JPY insert:]** down to the nearest JPY]. **[[In the case of all Securities other than Securities issued in JPY insert:]** For these purposes, "Unit" shall mean the lowest amount of the Currency that is available as legal tender in the county or countries of the Currency.]

## §6 (Taxation)

- (1) **Withholding or Deduction of Taxes.** All sums payable by or on behalf of the Issuer pursuant to these Terms and Conditions will be made without withholding or deduction of, or on account of, any present or future taxes, duties, assessments or other government charges of any nature ("Taxes") imposed by or on behalf of a Relevant Jurisdiction (as defined below), or any authority thereof or therein having power to impose Taxes unless such withholding or deduction is required by law.

**[[If the Issuer is not required to pay additional amounts in case of a tax withholding or deduction insert the following subparagraph (2):]**

- (2) **No Payment of Additional Amounts.** If the Issuer is required to withhold or deduct any Taxes from any payments under the Securities, the Issuer will not pay any additional amounts which would result in the Holders receiving the amounts they would have received if the Issuer had not been required to withhold or deduct such Taxes. Instead, the Issuer will pay to the Holders only the net amount of the relevant payment (after withholding or deduction of such Taxes). For the avoidance of doubt, the payment of such net amount shall not constitute an Event of Default.]

**[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction, insert the**

*following subparagraphs (2) and (3) and §4(2) (Tax Call).]*

- (2) *Payment of Additional Amounts.* If the Issuer is required to withhold or deduct any Taxes from any payments under the Securities, the Issuer will pay such additional amounts as will result in the Holders receiving the amounts they would have received if the Issuer had not been required to withhold or deduct such Taxes ("**Additional Amounts**").
- (3) *Exceptions to the Obligation to Pay Additional Amounts.* The Issuer will not be required to pay any Additional Amounts pursuant to §6(2) in relation to the Securities,
- (a) on behalf of a Holder who is liable to such Taxes on the Securities as a result of having some connection with the Relevant Jurisdiction other than its mere ownership or possession of the Securities or the receipt of principal or interest in respect thereof; or
  - (b) where such withholding or deduction relates to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation to which the Relevant Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding; or
  - (c) on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Securities to, or arranging to receive payment through, another paying agent in a Member State of the European Union; or
  - (d) more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder would have been entitled to receive the Additional Amounts if he had presented the Securities for payment on the last day of the 30-day period; or

***[[In case neither UBS AG, Hong Kong Branch, UBS AG, Jersey Branch nor UBS AG, London Branch is the Issuer insert:]***

- (e) where payments which qualify as interest for Swiss withholding tax purposes are subject to Swiss withholding tax according to the Swiss Federal Withholding Tax Law of 13 October 1965; or]

***[(e)]/(f)*** where such withholding or deduction is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the European Council Directive 2003/48/EC including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or

***[(f)]/(g)*** where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*Abgeltungssteuern*) levied by Swiss paying agents in respect of persons resident in the other country on income of such persons on Securities booked or deposited with a Swiss paying agent and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements; or

***[(g)]/(h)*** where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than the Issuer withhold or deduct tax.]

***[(3)]/(4)*** *FATCA.* The Issuer is authorised to withhold or deduct from amounts payable under the Securities to a Holder or beneficial owner of Securities any amount that it is required to withhold or deduct pursuant to (a) sections 1471 to 1474 of the U.S. Internal Revenue Code or any associated regulations or other official guidance (the "**U.S. Provisions**"); (b) any treaty, law, regulation or other official guidance enacted in any other country which facilitates the implementation of the U.S. Provisions (the "**Foreign Provisions**"); (c) any intergovernmental agreement between the United States and any other country, which facilitates the implementation of the U.S. Provisions (the "**Intergovernmental Agreement**"); or (d) any agreement regarding the implementation of the U.S. Provisions, the Foreign Provisions and any Intergovernmental Agreement entered into by the Issuer with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other country (together with the U.S. Provisions, Foreign Provisions and Intergovernmental Agreement, "**FATCA**"). The Issuer will not be required to make any payment of additional amounts for or on account of any tax deducted by the Issuer or an intermediary in compliance with FATCA.

***[(4)]/(5)*** *Certain Definitions.* "**Relevant Jurisdiction**" means Switzerland [and] ***[[In case UBS AG, Hong Kong Branch is the Issuer insert:]*** the Hong Kong Special Administrative Region of the People's Republic of China] ***[[In case UBS AG, Jersey Branch is the Issuer insert:]*** Jersey] ***[[In case UBS AG, London Branch is the***

**Issuer insert:** the United Kingdom] and any other jurisdiction in which the Issuer is or becomes subject to tax.

**[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction insert:]**  
"Relevant Date" means the date on which the payment first becomes due. If the full amount of the moneys payable on the due date has not been received by the Paying Agent on or before the due date, then "Relevant Date" means the date on which notice to the effect that the full amount of the moneys due has been received by the Paying Agent is published in accordance with these Terms and Conditions.]

#### §7 (Prescription)

**[[In the case of Securities governed by German law insert:]**

The presentation period provided in §801 paragraph 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*; the "BGB") is reduced to ten years for the Securities.]

**[[In the case of Securities governed by Swiss law insert:]**

In accordance with Swiss law, claims of any kind against the Issuer arising under the Securities will be prescribed ten years after the earlier of (a) the date on which the early redemption or (b) the date on which the ordinary redemption of the Securities has become due.]

#### §8 (Events of Default)

If any of the following events (each an "Event of Default") occurs, any Holder may by written notice to the Issuer declare its Securities in whole, but not in part, to be forthwith due and payable, whereupon the **[[In the case of Securities having a specified denomination insert:] Specified Denomination] [[In the case of Securities having a par value insert:] Par Value]** of such Securities together with accrued interest to, but excluding, the date of payment shall become due and payable on the fifth Business Day after such notice, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer:

- (a) There is a default for more than 30 days in the payment of any principal or interest due in respect of the Securities; or
- (b) any order is made by any competent court or other authority in any jurisdiction or any resolution is passed by the Issuer (i) for the dissolution or winding-up of the Issuer, or (ii) for the appointment of a liquidator, receiver or administrator of the Issuer or of all or a substantial part of the Issuer's assets, or (iii) with analogous effect for the Issuer, it being understood that anything in connection with a solvent reorganisation, reconstruction, amalgamation or merger shall not constitute an event of default; or
- (c) the Issuer admits in writing its inability to pay its debts as they fall due or otherwise acknowledges its insolvency.

#### §9 (Agents)

- (1) *Appointment.* The Principal Paying Agent [, the Paying Agent[s]] and the Calculation Agent (together, the "Agents") and their offices (which can be substituted with other offices) are:

**Principal Paying Agent:**

[Banque Internationale à Luxembourg, *société anonyme*  
69, route d'Esch  
L-2953 Luxembourg]

[UBS Deutschland AG  
Bockenheimer Landstraße 2-4  
D-60306 Frankfurt am Main]

[UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich]

**[Insert other principal paying agent.]**

**[Paying Agent[s]:**

[UBS Limited c/o]

~~[[UBS Limited] [UBS AG, London Branch]  
1 Finsbury Avenue  
GB-London EC2M 2PP]~~

~~[UBS Deutschland AG  
Bockenheimer Landstraße 2-4  
D-60306 Frankfurt am Main]~~

~~[UBS Switzerland AG  
Bahnhofstrasse 45  
CH-8001 Zurich]~~

~~[UBS AG, Hong Kong Branch  
2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]~~

***[Insert other paying agent(s).]***

**Calculation Agent:**

~~UBS [AG] [Limited] [, Hong Kong Branch] [, Jersey Branch] [, London Branch]~~

~~[Bahnhofstrasse 45  
CH-8001 Zurich /  
Aeschenvorstadt 1  
CH-4051 Basel]~~

~~[2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]~~

~~[24 Union Street  
St. Helier JE2 3RF  
Jersey  
Channel Islands]~~

~~[1 Finsbury Avenue  
GB-London EC2M 2PP]~~

***[Insert other calculation agent.]***

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another principal paying agent or additional or other paying agents or another calculation agent provided that the Issuer shall at all times maintain (a) a principal paying agent and (b) a calculation agent.

The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

***[[In the case of Securities denominated in USD insert:]***

- (3) *U.S. Paying Agent.* In case payments at or through the offices of all paying agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. dollars, the Issuer shall at all times maintain a paying agent with a specified office in New York.】

~~[(3)]/[(4)]~~ *Agent of the Issuer.* Any Agent acts solely as the agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

~~[(4)]/[(5)]~~ *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Terms and Conditions by the Calculation Agent shall (in the absence of a proven or manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Paying Agents and the Holders.

~~[(5)]/[(6)]~~ None of the Issuer, the Calculation Agent, the Principal Paying Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correction made in the calculation or publication of any amount in relation to the Securities, whether caused by negligence or otherwise (other than gross negli-

gence or willful misconduct).

**§10**

**(Substitution of the Issuer *[[In the case of Securities pursuant to which the Holders will receive a guarantee in the case of a restructuring of the group structure of the Issuer insert.]* . Restructuring)**

- (1) *Substitution.* The Issuer (reference to which shall always include any previous substitute debtor) may and the Holders hereby irrevocably agree in advance that the Issuer may without any further consent of any Holder at any time, substitute for itself as the principal debtor in respect of the Securities (a) any company (incorporated in any country in the world) controlling, controlled by or under common control with, the Issuer, (b) any other company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property; and (c) any branch of such company referred to in (a) and (b) (any such company or branch, the "**Substitute Debtor**"), provided that:
    - (a) the Substitute Debtor shall assume all obligations that the Issuer owes to the Holders under or in relation to the Securities and be bound by these Terms and Conditions as fully as if the Substitute Debtor had been named in these Terms and Conditions as the principal debtor in respect of the Securities in place of the Issuer; and
    - (b) the Issuer or the Substitute Debtor has agreed to indemnify each Holder against any tax, duty, fee or other governmental charge imposed on such Holder in respect of the substitution, and
    - (c) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor as principal debtor.
  - (2) *Change of References.* As of the effective date of such substitution, any reference in these Terms and Conditions to the Issuer shall be deemed to refer to the Substitute Debtor and any reference ***[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction insert:]*** (other than the references in §6(3)(e) to ***[(g)] [(h)]***) to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor and these Terms and Conditions shall thereupon be deemed to be amended to give effect to the substitution. Furthermore, in the event of such substitution the following shall apply:
    - (a) in §6 ***[[If the Issuer is not required to pay additional amounts in case of a tax withholding or deduction, insert:]*** (4) ***[[If the Issuer is required to pay additional amounts in case of a tax withholding or deduction, insert:]*** (5) an alternative reference to ***[[In case neither UBS AG, Hong Kong Branch, UBS AG, Jersey Branch nor UBS AG, London Branch is the Issuer insert:]*** Switzerland] ***[[In case UBS AG, Hong Kong Branch is the Issuer insert:]*** the Hong Kong Special Administrative Region of the People's Republic of China] ***[[In case UBS AG, Jersey Branch is the Issuer insert:]*** Jersey] ***[[In case UBS AG, London Branch is the Issuer insert:]*** the United Kingdom] shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor; and
    - (b) in §6 and §8(b) and (c) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the reference according to the preceding sentence to the Substitute Debtor, and
    - (c) in §8 a further Event of Default shall be deemed to have been included which shall exist in the case that the Guarantee pursuant to paragraph (1)(c) is invalid.
  - (3) *Notices.* Any such substitution shall be notified by the Substitute Debtor as soon as reasonably possible to the Holders and to any other person or authority as required by applicable laws or regulations.
  - (4) *Certain Definitions.* For the purposes of this §10, the term "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether by contract or through the ownership, directly or indirectly, of voting shares in such company which, in the aggregate, entitle the holder thereof to elect a majority of its directors, and includes any company in like relationship to such first-mentioned company, and for this purpose "**Voting Shares**" means shares in the capital of a company having under ordinary circumstances the right to elect the directors thereof, and "**controlling**", "**controlled**" and "**under common control**" shall be construed accordingly.
- [[In the case of Securities pursuant to which the Holders will receive a guarantee in the case of a restructuring of the group structure of the Issuer insert:]***
- (5) *Restructuring.* If after the issue of the Securities and due to or following a restructuring of the group structure of the Issuer (a) ***[[In case all credit ratings have to be downgraded insert:]*** all] ***[[In case only one of the***

*credit ratings has to be downgraded insert.:* one of the] long-term credit ratings of the Issuer, which the Issuer has received from *[[In case only one of the credit ratings has to be downgraded insert.:* an] internationally recognised rating [agencies] [agency] (the "**Internationally Recognised Rating [Agencies] [Agency]**") and, as applicable, the "**Internationally Recognised Rating[s]**", [are] [is] downgraded (*[[In case all credit ratings have to be downgraded insert.:* each,] a "**Restructuring Related Rating Downgrade**"), [(b) such Restructuring Related Rating Downgrade[s] results in the Issuer being qualified as speculative investment (*non-investment grade / speculative grade*) by *[[In case all credit ratings have to be downgraded insert.:* all such] *[[In case only one of the credit ratings has to be downgraded insert.:* the relevant] Internationally Recognised Rating [Agencies] [Agency]], and [(b)] [(c)] the Issuer is not the company with the highest Internationally Recognised Rating within the group of companies to which the Issuer belongs (for the purposes of this §10(5), the "**UBS Group**") on the date on which the *[[In case all credit ratings have to be downgraded insert.:* last] Restructuring Related Rating Downgrade takes effect (the "**Restructuring Date**"), the Issuer will ensure that the claims of the Holders pursuant to the Securities will be guaranteed as soon as possible following the *[[In case all credit ratings have to be downgraded insert.:* last] Restructuring Related Rating Downgrade by a company (the "**Guarantor**") which is part of the UBS Group.

The Guarantor must have at least *[[In case all credit ratings have to be downgraded insert.:* one of] the Internationally Recognised Rating[s] which the Issuer had immediately prior to the *[[In case all credit ratings have to be downgraded insert.:* first] Restructuring Related Rating Downgrade (a "**Minimum Rating**").

In case no company belonging to the UBS Group has a Minimum Rating, the Issuer will ensure that the claims of the Holders pursuant to the Securities will be guaranteed by such company belonging to the UBS Group, which has received the next lower rating (in comparison to the Minimum Rating) from *[[In case all credit ratings have to be downgraded insert.:* one of] the Internationally Recognised Rating [Agencies] [Agency].]

#### **§11 (Further Issues. Purchases. Cancellation)**

- (1) *Further Issues.* The Issuer may from time to time without the consent of the Holders create and issue further Securities having the same terms and conditions as the Securities (except for the issue price, the Issue Date, the interest commencement date and the first interest payment date) so that the same shall be consolidated and form a single Series with these Securities, and references to "Securities" shall be construed accordingly.
- (2) *Purchases.* The Issuer and any of its subsidiaries may at any time purchase Securities at any price in the open market or otherwise. Such Securities may be held, resold or cancelled, all at the option of the Issuer.
- (3) *Cancellation.* All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

#### **§12 (Notices)**

- (1) *Publications.* All notices concerning the Securities shall be published on the website [www.\[insert website address\]](http://www.[insert website address]) or a successor or replacement address thereto. Any notice so given will be deemed to have been validly given on *[[In the case of Securities governed by German law insert.:* the fifth day following the date of such publication (or, if published more than once, on the fifth day following the first such publication)] *[[In the case of Securities governed by Swiss law insert.:* [the fifth day following the date of such publication (or, if published more than once, on the fifth day following the first such publication)]] [the date of such publication]].
- (2) *Notices through the Clearing System.* The Issuer may, instead of a publication pursuant to subparagraph (1), deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the *[[In the case of Securities governed by German law insert.:* fifth day after the day] *[[In the case of Securities governed by Swiss law insert.:* [fifth day after the day] [day]] on which said notice was given to the Clearing System.
- (3) *Notices to the Issuer.* Unless otherwise specified in these Terms and Conditions for certain notices, notices by the Holders to the Issuer shall be given by delivering such notices in writing to UBS Switzerland AG, Bahnhofstrasse 45, P.O. Box, CH-8098 Zurich or to such other address as may be notified to the Holders.

#### **§13 (Governing Law. Place of Jurisdiction. *[[In the case of Securities governed by German law insert.:* Enforcement. Process Agent.] Corrections)**

- (1) *Governing Law.* The Securities are governed by *[[In the case of Securities governed by German law insert.:* German law] *[[In the case of Securities governed by Swiss law insert.:* Swiss law].
- (2) *Place of Jurisdiction.* Exclusive place of jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Securities shall be *[[In the case of Securities governed by German*

**law insert:]** the District Court (*Landgericht*) of Frankfurt am Main, Federal Republic of Germany] **[[In the case of Securities governed by Swiss law insert:]** the courts of Zurich (1), Switzerland]. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.

- (3) **[[In the case of Securities governed by German law insert:] Enforcement.** Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under the Securities on the basis of (a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Securities (i) stating the full name and address of the Holder, (ii) specifying the **[[In the case of Securities having a specified denomination insert:]** aggregate principal amount] **[[In the case of Securities having a par value insert:]** total number] of Securities credited to such securities account on the date of such statement and (iii) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii) and (b) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the Global Note representing the Securities. "Custodian" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Securities and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Securities also in any other manner permitted in the country of the Proceedings.
- (4) **Process Agent.** For any Proceedings before German courts, the Issuer appoints UBS Deutschland AG, Stephanstraße 14-16, D-60313 Frankfurt am Main as its authorised agent for service of process in Germany.]

**[(3)][(5)]** **Corrections.** The Issuer is entitled to modify or amend, as the case may be, these Terms and Conditions in each case without the consent of the Holders in such manner as the Issuer deems necessary, if the modifications or amendments

- (a) are of a formal, minor or technical nature; or
- (b) are made to cure a manifest or proven error; or
- (c) are made to cure any ambiguity; or are made to correct or supplement any defective provisions of these Terms and Conditions; or
- (d) are made to correct an error or omission such that, in the absence of such correction, the Terms and Conditions would not otherwise represent the intended terms of the Securities pursuant to which the Securities were sold and have since been traded.

Any modification or amendment of these Terms and Conditions shall only be permitted if it is reasonably acceptable for the Issuer and the Holders taking into consideration the interests of both the Issuer and the Holders (in particular in respect of the equivalence of the performance of the Holders as the purchasers of the Securities and any consideration of the Issuer pursuant to these Terms and Conditions), shall take effect in accordance with its terms, shall be binding on the Holders and shall be notified to the Holders.]

#### **§14 (Language)**

**[[If the Terms and Conditions shall be in the German language with an English language translation insert:]**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.]

**[[If the Terms and Conditions shall be in the English language with a German language translation insert:]**

These Terms and Conditions are written in the English language and provided with a German language translation. The English text shall be controlling and binding. The German language translation is provided for convenience only.]

**[[If the Terms and Conditions shall be in the English language only insert:]**

These Terms and Conditions are written in the English language only.]



**FORM OF FINAL TERMS**

**FINAL TERMS**

No. *[insert]*

dated *[insert]*

in connection with the Base Prospectus

for the Issuance of Fixed Income Securities (Cash) of

**UBS AG**  
[acting through UBS AG, Hong Kong Branch]  
[acting through UBS AG, Jersey Branch]  
[acting through UBS AG, London Branch]

dated 9 October 2015

Issue of [up to] *[insert aggregate principal amount of tranche]* [*[insert number of units]* units of] [Fixed Income Securities] [(also referred to as] *[insert marketing name of the Securities]* [)] (series *[insert]*) (the "Securities") (*[insert ISIN]*)

These final terms dated [●] (the "**Final Terms**") have to be read in connection with the base prospectus dated 9 October 2015, ([including any supplements thereto] [as supplemented by *[insert titles and dates of all supplements prepared in connection with the Base Prospectus]*], the "**Base Prospectus**"). The Terms and Conditions set out in "PART II – Terms and Conditions of the Securities" have been extracted in whole from Option *[insert relevant Option]* set out in the Base Prospectus. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms when read together with the Base Prospectus. The Base Prospectus has been published on the website of the Issuer ([www.ubs.com/keyinvest](http://www.ubs.com/keyinvest) or any successor or replacement address thereto).

## PART I – General Information

Series number:	<b>[●]</b>
ISIN:	<b>[●]</b>
[German security code:	<b>[●]]</b>
[Common code:	<b>[●]]</b>
Swiss security number:	<b>[●]</b>
[Other securities code[s]:	<b>[●]]</b>
Issue date:	<b>[●]</b>
[Aggregate principal amount][Number of units]:	<b>[Up to] <i>[insert currency and aggregate principal amount of the securities]</i> <i>[insert number of units units].</i> [The [aggregate principal amount][number of units] will be determined [on the Issue Date] [at the end of [the subscription period] depending on the demand for the Securities during the [subscription period]] and will be published without undue delay in accordance with the Terms and Conditions of the Securities.]</b>
Issue price:	<b>[<i>Insert percentage</i>] per cent. of the Specified Denomination] <i>[insert currency] [insert amount]</i> per unit] [plus accrued interest from <i>[insert date in the case of fungible issues only, if required]</i> [The initial issue price [is][was] <i>[insert percentage]</i> per cent. of the Specified Denomination] <i>[insert currency] [insert amount]</i> per unit.][The Securities are now being offered at a continuously determined price [subject to market conditions]] [(fees paid to a distribution partner (if any) will be disclosed upon request).]</b>
Material interests, including conflicting ones, of natural and legal persons involved in the issue/offer:	<b><i>[insert details of any interest, including conflicting ones, that are material to the issue/offer, detailing the persons involved and the nature of the interest]</i> [Save for [the [relevant] [Manager][s] [intermediary] [intermediaries] which receive[s] fees (which may result in conflicts of interest)] [and] the [Calculation Agent whose conflicts of interest are set out below]],] [as][Not applicable. As] far as the Issuer is aware, no person involved in the issue/offer of [each series of] the Securities has a material interest in the offer.] [[UBS AG, acting through UBS AG, [Hong Kong Branch] [Jersey Branch] [London Branch] <i>[insert other calculation agent]</i> will act as Calculation Agent. The Terms and Conditions of the Securities provide for certain provisions pursuant to which the Calculation Agent may use discretion when calculating amounts or making determinations. Since the Calculation Agent is part of [the] UBS [AG] [Group], conflicts of interest may arise.]</b>
Jurisdiction[s], in which offer[s] may take place:	<b>[Hong Kong] [and] [Singapore]. There will be no public offer of the Securities.</b>
Conditions, to which the offer is subject:	<b><i>[insert conditions, to which the offer is subject]</i> [Not applicable.]</b>

Subscription period: [Not applicable. There will be no subscription period.]  
[During the period] [F][f]rom, and including, [*insert date/time*] [on a continuous basis] to, and including, [*insert date/time*], subject to early termination or extension within the discretion of the Issuer. [*if the Securities are placed within a subscription period, give details including an option, if any, to end a subscription period early*]

Fixing date [and fixing time]: [*specify date (and time)*][Not applicable.]

Minimum amount of application: [*insert minimum amount of application*] [(*insert minimum amount of application in units*)] [Not applicable. There is no minimum amount of application.]

Maximum amount of application: [*insert maximum amount of application*] [(*insert maximum amount of application in units*)] [Not applicable. There is no maximum amount of application.]

Method and time limits for paying up the Securities and for delivery of the Securities: The delivery of the Securities shall be [free of payment] [against payment] [on [*insert date*]].  
  
[The appropriate number of Securities shall be credited to the Holder's account in accordance with the rules of the corresponding Clearing System].

Name[s] and address[es] of the coordinator[s] of the offer: [UBS AG  
Bahnhofstrasse 45  
CH-8001 Zurich /  
Aeschenvorstadt 1  
CH-4051 Basel]  
  
[UBS AG, Hong Kong Branch  
2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong]  
  
[UBS AG, Jersey Branch  
24 Union Street  
St. Helier JE2 3RF  
Jersey  
Channel Islands]  
  
[UBS AG, London Branch  
1 Finsbury Avenue  
GB-London EC2M 2PP]  
  
[UBS Limited  
1 Finsbury Avenue  
GB-London EC2M 2PP]  
  
[*insert name(s) and address(es) of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.*]

Underwriting: [Not applicable.] [*Insert name(s) and address(es) of the entity/entities agreeing to underwrite the issue*]

*on a firm commitment basis, and name(s) and address(es) of the entity/entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Where not all of the issue is underwritten, insert a statement of the portion not covered.* [The Subscription Agreement is dated *[insert date of the Subscription Agreement]*.]

Firm Commitment: [Applicable.] [Not applicable.]

Without Firm Commitment/Best Efforts Arrangement: [Applicable.] [Not applicable.]

Rating[s]: [The Securities have not been rated.] [The Securities [have been] [are expected to be] rated as follows: *[specify rating(s) including brief explanation(s)]*]

Market Making: *[insert name(s) and address(es) of the entity/entities which will act as intermediary/intermediaries in secondary trading, providing liquidity through bid and offer prices and description of the main terms of its/their commitment]* [The [Issuer] [and] [or] [the] Manager] intends, under normal market conditions, to provide bid and/or offer prices for the Securities [subject to a maximum order size per client and per business day of [an aggregate principle amount of [●]] [[●] units] [on a regular basis]]. The [Issuer] [and] [or] [[the] Manager] makes no firm commitment to provide liquidity through bid and/or offer prices for the Securities and assumes no legal obligation to provide any such prices or with respect to the level or determination of such prices. Investors should therefore not rely on the ability to sell the Securities at a specific time or at a specific price. [In special market situations, where [the Issuer] [and] [or] [the Manager] is unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risk of [the Issuer] [and] [or] [the Manager].] [The relevant prices will be published on [www.ubs.com/quotes](http://www.ubs.com/quotes) or any successor or replacement address thereto.] [Not applicable.]

**PART II – Terms and Conditions of the Securities**

**[In case of Open End Accrual Securities replicate the relevant provisions of Option I (including relevant further options contained therein) set out in the Base Prospectus and complete relevant placeholders.]**

**[In case of Open End Securities on a Bond Basket replicate the relevant provisions of Option II (including relevant further options contained therein) set out in the Base Prospectus and complete relevant placeholders.]**

**[In case of Extendible Money Market Certificates replicate the relevant provisions of Option III (including relevant further options contained therein) set out in the Base Prospectus and complete relevant placeholders.]**

## SELLING RESTRICTIONS

**This Base Prospectus is not an EU Prospectus Directive compliant prospectus. It may be distributed only to professional investors in Hong Kong and Singapore. Accordingly, Securities issued pursuant to this Base Prospectus may only be offered to, and purchased by, professional investors in Hong Kong and Singapore.**

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. Neither the Issuer nor the Manager has represented that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or has assumed any responsibility for facilitating such sale. Specific selling restrictions are set out below for the following jurisdictions: Hong Kong and Singapore.

Additionally, Securities issued under this Base Prospectus have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and will include Securities in bearer form that are subject to U.S. tax law requirements. The Securities may not be offered, sold or delivered, at any time, within the United States or its possessions or to, or for the account or benefit of, U.S. persons (as defined under Regulation S under the Securities Act or under the U.S. Internal Revenue Code).

### Hong Kong

Each Manager has represented and agreed (and each additional Manager will be required to represent and agree) that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except for Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;
- (c) securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:
  - (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (2) where no consideration is or will be given for the transfer;
  - (3) where the transfer is by operation of law;
  - (4) as specified in Section 276(7) of the SFA; or
  - (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.



## TAXATION

### General Taxation Information

The following is a general description of certain tax considerations relating to the EU Savings Tax Directive and to the taxation of Securities in Hong Kong, Switzerland and the United Kingdom. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in those countries or elsewhere. **Prospective purchasers of Securities should consult their own tax advisors as to which countries' tax laws could be relevant to acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries.** This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

**The Issuer does not assume any responsibility for the withholding of taxes at source.**

### EU Savings Directive

Under EC Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria applies instead a withholding system in relation to such payments, deducting tax at rate of meanwhile 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, Andorra, Liechtenstein, Monaco and San Marino, and certain dependent or associated territories of certain Member States including Anguilla, Aruba, Bonaire, Sint Eustatius, Saba, British Virgin Islands, Curaçao, Guernsey, Isle of Man, Jersey, Cayman Islands, Montserrat, Sint Maarten and Turks and Caicos Islands, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisors.

### Hong Kong

The information provided below does not purport to be a complete summary of Hong Kong tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

### ***Withholding tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Securities or in respect of any capital gains arising from the sale of the Securities.

### ***Profits tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Securities may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Securities is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Securities is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (c) interest on the Securities is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Securities will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Securities will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, where Intermediated Securities are treated as being in registered form, such sums in respect of Intermediated Securities received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which Securities are acquired and disposed.

### ***Stamp duty***

Stamp duty will not be payable on the issue of the Securities provided either:

- a) such Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- b) such Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable it is payable by the Issuer on issue of the Securities at a rate of 3% of the market value of the Securities at the time of issue.

No stamp duty will be payable on any subsequent transfer of the Securities.

In the event that Intermediated Securities are treated as being in registered form, no stamp duty is payable on the issue of such registered Securities. Stamp duty may be payable on any transfer of registered Securities if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of registered Securities provided that either:

- (1) the registered Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

- (2) the registered Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117) of Hong Kong).

If stamp duty is payable in respect of the transfer of registered Securities it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such registered Securities, stamp duty is not paid, both the seller and the purchaser may be liable, jointly and severally, to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the registered Securities if the relevant transfer is required to be registered in Hong Kong.

### ***Estate duty***

No Hong Kong estate duty is payable in respect of the Securities.

### **Switzerland**

*The following is a generic summary only of the Issuer's understanding of current law and practice in Switzerland relating to the taxation of the Securities issued under this Base Prospectus. Because this summary does not address all tax considerations under Swiss law and as the specific tax situation of an investor cannot be considered in this context, potential investors are recommended to consult their personal tax advisors as to the tax consequences of the purchase, ownership, sale or redemption of and the income derived from the Securities issued under this Base Prospectus including, in particular, the effect of tax laws of any other jurisdiction.*

The Swiss Federal Tax Administration has issued on 7 February 2007 a Circular Letter No. 15 regarding Certificates and Derivative Financial Instruments subject to Direct Federal Tax, Withholding Tax and Stamp Tax. The Securities issued under this Base Prospectus will be taxed in accordance with this Circular Letter No. 15 and its appendices. Depending on the qualification of the relevant Security by the competent Swiss tax authorities the taxation of each Security may be different.

The taxation depends on the set-up of each single Security for which reason the following remarks are again only of generic nature.

### ***Income Tax***

*Securities held as Private Assets by a Swiss Resident Holder:*

- (a) Structured Products

If a Security classifies as a structured product, its income taxation depends on whether the bond and the derivative financial instrument(s) embedded therein are recorded separately from each other and whether the Security classifies as a structured product with or without a predominant one-time interest payment.

Non-transparent derivative financial instruments: If the embedded bond is not recorded separately from the embedded derivative financial instrument(s), the Security classifies as non-transparent structured product and any return over the initial investment classifies as a taxable interest payment. Non-transparent derivative financial instruments generally include a predominant one-time interest payment. If so, Swiss resident private investors will be taxed on any interest payments and on any gains, including capital and foreign exchange gains, realised on the Securities (differential taxation method).

Transparent derivative financial instruments without a predominant one-time interest payment: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest-payment (see below "Transparent derivative financial instruments with a predominant one-time interest payment"), then any periodic interest payment and the one-time interest payment is taxed when paid to the holder of the Security. A gain, including interest accrued, realised on the sale of a Security is a

tax-free private capital gain, whereas a loss is a non-tax-deductible private capital loss (see below "Capital Gains Taxation – Securities held as Private Assets by a Swiss Resident Holder"). The same applies if the Security is redeemed except that interest accrued is taxed when paid.

Transparent derivative financial instruments with a predominant one-time interest payment: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield-to-maturity predominantly derives from a one-time interest-payment such as an original issue discount or a repayment premium, and not from periodic interest payments, then any periodic interest payments at sale or redemption of the Security as well as the difference between the value of the embedded bond at sale or redemption and its value at issuance or purchase, as applicable, converted, in each case, into Swiss francs at the rate of exchange prevailing at the time of sale, redemption, issuance or purchase constitutes taxable income (modified differential taxation method). A value decrease on the embedded bond realised on the sale or redemption of the Security may be offset against any gains (including periodic interest payments) realised within the same taxation period from all financial instruments with a predominant one-time interest payment. Any residual return realised on the embedded derivative financial instrument(s) is a tax-free private capital gain, and any residual loss is a non-tax-deductible private capital loss (see below "Capital Gains Taxation – Securities held as Private Assets by a Swiss Resident Holder").

(b) Bonds

Bonds without a predominant one-time interest payment: If a Security classifies as a pure bond without a predominant one-time interest payment (the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest-payment), Swiss resident private investors will be taxed on the periodic and any one-time interest payments, converted into Swiss francs at the rate of exchange prevailing at the time of payment. A gain, including interest accrued, realised on the sale of a Security is a tax-free private capital gain, whereas a loss is a non-tax-deductible private capital loss (see below "Capital Gains Taxation – Securities held as Private Assets by a Swiss Resident Holder").

Bonds with a predominant one-time interest payment: If a Security classifies as a pure bond with a predominant one-time interest payment (the yield-to-maturity predominantly derives from a one-time interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments), Swiss resident private investors will be taxed on any periodic interest payments and on any gains, including capital and foreign exchange gains, realised on the Securities (differential taxation method).

(c) Pure Derivative Financial Instruments

Periodic and one-time dividend equalisation payments realised on a Security which classifies as a pure derivative financial instrument (such as pure call and put options, including low exercise price options with a maturity not exceeding one year, pure futures, static certificates replicating an index or a basket of at least five shares and with a fixed maturity or an annual redemption right) and which is held as part of their private assets constitute taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below "Capital Gains Taxation – Securities held as Private Assets by a Swiss Resident Holder").

(d) Low Exercise Price Options (LEPO):

According to the current practice of the Swiss Federal Tax Administration, low exercise price options are given if the underlying has been pre-financed by at least 50 per cent. at the time of issuance. For low exercise price options with a maturity exceeding one year, the interest component of the low exercise price option (i.e. issue discount) constitutes taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below "Capital Gains Taxation – Securities held as Private Assets by a Swiss Resident Holder").

(e) Fund-like Products

An individual holding a fund-like product as part of private assets only receives taxable income (which he or she must report annually) over such portion of the distributions (in case the fund is distributing the income realised on the underlying investments) or earnings credits (in case the fund is reinvesting the income realised on the underlying investment) as derived from dividends and interest (less attributable

costs) on the underlying instruments. Any distributions or credits deriving from capital gains realised on the underlying investments constitute a tax-free private capital gain and any loss on the underlying investments is a non-tax-deductible private capital loss. Such taxation will only apply if dividend and interest income (less attributable costs) and capital gains and losses are reported and distributed separately. Any gain realised within a taxation period on the sale of a fund-like instrument (including accrued dividends and interest) is exempt from income taxation as a private capital gain, and, conversely, any loss realised is a non-tax-deductible capital loss (see below "Capital Gains Taxation – Securities held as Private Assets by a Swiss resident Holder").

#### *Securities held as Assets of a Swiss Business*

Corporate entities and individuals who hold Securities as part of a trade or business in Switzerland (in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland) are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Securities (irrespective of their classification) in their income statement and will be taxed on any net taxable earnings for the respective taxation period.

The same taxation treatment also applies to Swiss-resident individuals who are classified by the tax authorities as "professional securities dealers" for reasons of, inter alia, frequent dealing and leveraged investments in securities.

#### **Capital Gains Taxation**

##### *Securities held as Private Assets by a Swiss Resident Holder*

A gain or a loss realised by an individual resident in Switzerland upon the sale or other disposal of a Security held as part of his or her private assets, is a tax-free private capital gain or a non-tax deductible capital loss, respectively, unless such individual is classified by the tax authorities as a "professional securities dealer" for reasons of, inter alia, frequent dealing and leveraged investments in securities. If an individual is classified as "professional securities dealer" he or she will be taxed in accordance with the principles set forth above under "Securities held as Assets of a Swiss Business". Concerning the separation into a tax-exempt capital gains or non-tax deductible capital loss component, as applicable, and a taxable income component of a security, see the breakdown principles set forth above with regard to the different instruments under "Income Taxation – Securities held as Private Assets by a Swiss Resident Holder".

##### *Securities held as Assets of a Swiss Business*

Capital gains realised on Securities held as assets of a Swiss business are taxed in accordance with the taxation principles set forth above under "Income Taxation – Securities held as Swiss Business Assets".

#### **Withholding Tax**

The Swiss Withholding Tax is in principle levied on income (such as, but not limited to, interest, pensions, profit distributions etc.) from, amongst others, bonds and other similar negotiable debt instruments issued by a Swiss tax resident ("*Inländer*"), distributions from Swiss tax resident corporations, interest on deposits with Swiss banks as well as distributions of or in connection with Swiss tax resident collective investment schemes. For Swiss Withholding Tax purposes, an individual or corporation qualifies as a Swiss tax resident ("*Inländer*") being subject to withholding taxation if it (i) is resident in Switzerland, (ii) has its permanent abode in Switzerland, (iii) is a company incorporated under Swiss law having its statutory seat in Switzerland, (iv) is a company incorporated under foreign law but with a registered office in Switzerland, or (v) is a company incorporated under foreign law but is managed and conducts business activities in Switzerland. Hence, as long as the Securities are not issued by an issuer qualifying as a Swiss tax resident for the purposes of the Swiss Withholding Tax, income derived from the Securities is in principle not subject to Swiss Withholding Tax.

#### **Transfer and Issue Stamp Tax**

Swiss Stamp Tax is, amongst other, either levied as Swiss Transfer Stamp Tax or as Swiss Issuance Stamp Tax.

Dealings in Securities which classify as pure derivative financial instruments (such as pure call and put options, including low exercise price options (LEPOs) with a maturity not exceeding twelve months, pure futures with a maximal pre-financing of 25 per cent., static certificates replicating an index or a basket of at least five shares and with a fixed maturity or an annual redemption right) are not subject to the Swiss Transfer Stamp Tax.

Dealings in Securities which have been issued by an issuer outside of Switzerland and which classify as structured products, share-like instruments (including low exercise price options on shares with a maturity exceeding twelve months) or fund-like instruments are subject to Swiss Transfer Stamp Tax of 0.3 per cent. on the consideration paid, however, only if a Swiss securities dealer (as defined in the Swiss federal stamp tax act) is a party or intermediary to the transaction and no exemption applies.

Dealings in bonds and structured products with a maturity not exceeding one year are exempt from Swiss Transfer Stamp Tax.

The delivery of an underlying taxable security at exercise or redemption to the holder of the Security is subject to the Swiss Transfer Stamp Tax of 0.3 per cent. in case a security issued by an issuer outside Switzerland is delivered, and of 0.15 per cent. in case a security issued by a domestic issuer is delivered, however, in each case, only if a Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Tax Act) is a party or intermediary to the transaction and no exemption applies.

Swiss Issuance Stamp Tax is levied on the issuance of Swiss shares and similar participation rights by Swiss resident. Hence, the issuance of Securities is not subject to the Swiss Issuance Stamp Tax.

### ***Measures equivalent to the EU Savings Directive***

Switzerland has introduced a tax retention (withholding tax) of 35% pursuant to the agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments effective as of 1 July 2005 on interest payments or similar income paid by a Swiss paying agent to an individual resident in an EU Member State, unless the interest payments are made as debt-claims issued by debtors who are residents of Switzerland or pertaining to permanent establishments in Switzerland of non-residents.

The beneficial owner may avoid the retention by expressly authorizing the paying agent in Switzerland to report the interest payments. If the paying agent receives such an authorisation, he reports the interest payment to the Swiss Federal Tax Administration which in turn communicates the information to the competent authority of the EU Member State of residence of the beneficial owner.

### ***Bilateral agreements (Quellensteuerabkommen)***

Switzerland has signed agreements on a final withholding tax (Quellensteuerabkommen) with the United Kingdom and with Austria. Furthermore, it is possible that Switzerland will sign similar agreements with other countries in the near future. According to these agreements, qualifying Swiss paying agents levy a final withholding tax on any investment income if the Securities are held in custody account with a qualifying Swiss paying agent and if the custody account is directly or indirectly owned by an individual resident in the other contracting state (e.g. Austria). The applicable final withholding tax rate may vary depending on the applicable tax rate in the other contracting state and the type of realised investment income (dividend, interest, capital gain, etc.). Furthermore, the calculation of the income subject to a final withholding tax may vary depending on the applicable agreement. A person subject to a final withholding tax ("**Relevant Person**") may avoid such final withholding tax by expressly allowing the qualifying Swiss paying agent to report to the foreign tax authorities in the state of residence of the Relevant Person, amongst others, the identity of the Relevant Person and the amount the realised investment income in a certain period.

### **The United Kingdom**

*The following applies only to persons who are the beneficial owners of Securities and is a summary of the Issuer's understanding of current United Kingdom ("**UK**") law and published HM Revenue and Customs ("**HMRC**") practice relating to certain aspects of UK taxation. Some aspects do not apply to certain classes of persons (such as dealers and persons connected with the Issuer) to whom special rules may*

*apply. The UK tax treatment of prospective Holders depends on their individual circumstances and may be subject to change in the future. Prospective Holders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.*

### ***Interest on the Securities***

The Issuer, provided that it is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on the Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, will be entitled to make payments of interest without withholding or deduction for or on account of UK income tax.

Payments of interest on the Securities may be made without deduction of or withholding on account of UK income tax provided that the Securities are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act. Securities will be "listed on a recognised stock exchange" where they are (1) admitted to trading on a "recognised stock exchange", as defined in section 1005 of the Act and (2) included in the official UK list or officially listed in a "qualifying country outside the United Kingdom", as defined in section 1005 of the Act, in accordance with the provisions corresponding to those generally applicable in EEA states. Provided, therefore, that the Securities remain so listed, interest on the Securities will be payable without withholding or deduction on account of UK tax whether or not the Issuer carries on a banking business in the UK and whether or not the interest is paid in the ordinary course of its business.

Interest on the Securities may also be paid without withholding or deduction on account of UK tax where interest on the Securities is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to UK corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Securities may also be paid without withholding or deduction on account of UK tax where the maturity of the Securities is less than 365 days and those Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Securities that has a UK source on account of UK income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder, HMRC can issue a notice to the Issuer to pay interest to the Holder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers to obtain information and documents relating to the Securities, including in relation to issues of and other transactions in the Securities, interest, payments treated as interest and other payments derived from the Securities. This may include details of the beneficial owners of the Securities, of the persons for whom the Securities are held and of the persons to whom payments derived from the Securities are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered Holders, persons who make, receive or are entitled to receive payments derived from the Securities and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

### **DESCRIPTION OF UBS AG**

The description of UBS AG is contained in the Registration Document (as defined in the section "*Incorporation by Reference*"). The Registration Document is incorporated by reference into this Base Prospectus (see also the section "*Incorporation by Reference*").



### INCORPORATION BY REFERENCE

The following document shall be deemed to be incorporated into, and form part of, this Base Prospectus (the "**Document**"). Only those parts of the Document which are set out in the table below shall be deemed to be incorporated into, and form part of, this Base Prospectus. The other parts of the Document which are not set out in the table below are expressly not incorporated into, and do not form part of, this Base Prospectus. Any information not set out in the table below but contained in the Document is either not relevant to investors or is covered elsewhere in this Base Prospectus.

<b>Document</b>	<b>Referred to in</b>	<b>Information</b>	<b>Place of Publication</b>
- Registration Document dated 16 April 2015 (as supplemented from time to time) (the " <b>Registration Document</b> ")	- Risk Factors relating to the Issuer, page 3  - Description of UBS AG, page 90	- II. Statutory Auditors to Appendix 2 - Annual Report 2014 as at 31 December 2014 (pages 4 (including) to S-1 (excluding))	<a href="http://www.ubs.com/keyinvest">www.ubs.com/keyinvest</a>

## GENERAL INFORMATION

### General

Under this Base Prospectus, UBS AG may, from time to time, issue fixed income securities (the "**Securities**"). German law governed Securities are issued in bearer form. Swiss law governed Securities are issued in the form of intermediated securities (*Bucheffekten*; the "**Intermediated Securities**") pursuant to the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*; the "**FISA**"). The Intermediated Securities are created based on global notes (*Globalurkunden*, "**Global Notes**") pursuant to article 973b of the Swiss Federal Code of Obligations ("**CO**") or uncertificated securities (*Wertrechte*; "**Uncertificated Securities**") pursuant to article 973c CO by (a) depositing the Global Notes with a depository (*Verwahrungsstelle*) in accordance with the FISA (the "**Main Depository**") or entering the Uncertificated Securities into the main register of a Main Depository, and (b) making a credit entry into one or more securities accounts (*Effektenkonten*).

### Managers

UBS AG and, when acting through its Jersey Branch, UBS AG, Jersey Branch and, when acting through its London Branch, UBS AG, London Branch, UBS Limited and any additional manager(s) appointed by the Issuer in connection with the subscription or placement of one or more tranches of Securities shall be referred to as the "**Managers**" in this Base Prospectus. The Issuer may from time to time terminate the appointment of any Manager under this Base Prospectus.

### Third Party Information

Where this Base Prospectus contains information obtained from third parties, such information was reproduced accurately, and as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### Post-issuance Information

The Issuer does not intend to provide any post-issuance information.

### Use of Proceeds

The net proceeds of the issue of each tranche of Securities will be applied by the Issuer to meet part of its general financing requirements. Proceeds of issues of Securities issued by UBS AG, Hong Kong Branch, UBS AG, Jersey Branch and UBS AG, London Branch, respectively, will be used outside of Switzerland.

### Approval of this Base Prospectus

No application has been made by UBS AG to any regulatory/competent authority for its approval of this Base Prospectus.

### Availability of Documents

So long as any of the Securities are outstanding copies of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the office of the Principal Paying Agent specified in the Address List set out in the back of this Base Prospectus:

- (a) a copy of this Base Prospectus (together with any supplement including any Final Terms hereto);
- (b) a copy of the Articles of Association of the Issuer; and
- (c) all documents incorporated by reference as set out in the section "*Incorporation by Reference*".

Copies of the documents referred to above and information which refers to sources such as Bloomberg shall also be maintained in printed format, for free distribution, at the offices of the Issuer as well as UBS Deutschland AG, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Federal Republic of

Germany, for a period of twelve months after the publication of the relevant document or information, as the case may be. In addition, any annual and quarterly reports of UBS AG are published on the website [www.ubs.com/investors](http://www.ubs.com/investors) or a successor or replacement address thereto.

**Authorisation**

The Issuer does not need to obtain (individual) authorisation from its Management Board to issue the Securities. There exists a general resolution for the issue of the Securities.

**Material Interests, Including Conflicting Ones, of Natural and Legal Persons Involved in the Issue/Offer**

Any material interests, including conflicting ones, of natural and legal persons involved in the issue/offer of the Securities will be set out in the relevant Final Terms.

**ADDRESS LIST**

**ISSUER**

**REGISTERED HEAD OFFICE**

UBS AG  
Bahnhofstrasse 45  
CH-8001 Zurich

UBS AG  
Aeschenvorstadt 1  
CH-4051 Basel

**EXECUTIVE OFFICE OF  
UBS AG, HONG KONG BRANCH**

UBS AG, Hong Kong Branch  
2 International Finance Centre  
52/F, 8 Finance Street  
Central, Hong Kong

**EXECUTIVE OFFICE OF  
UBS AG, JERSEY BRANCH**

UBS AG, Jersey Branch  
24 Union Street  
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**SIGNATORIES**

Signed on behalf of the Issuer

**UBS AG**

Signed by:

Signed by: