



FINAL TERMS No. 8,471

**dated 31 January 2012
amended and restated Final Terms
as replacement to the Final Terms dated 30 January 2011**

regarding an issue of

**up to 30,000 Equity Linked "Express" Certificates ("Certificates")
due 24 February 2014**

(ISIN: DE000UU09VQ4)

**in connection with the Base Prospectus dated 15 November 2011,
as supplemented by a supplement from time to time,**

regarding the

Structured Note Programme of

UBS AG

**FINAL TERMS
ENDGÜLTIGE BEDINGUNGEN**

No. 8,471

dated 31 January 2012

**in connection with the Base Prospectus dated 15 November 2011,
as supplemented by a supplement from time to time,**

regarding the Structured Note Programme of

UBS AG

ENDGÜLTIGE BEDINGUNGEN

Nr. 8.471

vom 31. Januar 2012

**im Zusammenhang mit dem Basisprospekt vom 15. November 2011,
wie durch einen Nachtrag von Zeit zu Zeit ergänzt,**

für das Structured Note Programme der

UBS AG

THE RISK FACTORS RELATING TO THE CERTIFICATES AND RELATING TO THE ISSUER ARE SET OUT IN AN ANNEX TO THE FINAL TERMS.

DIE RISIKOFAKTOREN IN BEZUG AUF DIE ZERTIFIKATE UND IN BEZUG AUF DIE EMITTENTIN SIND IN EINEM ANHANG ZU DEN ENDGÜLTIGEN BEDINGUNGEN DARGESTELLT.

THIS PRODUCT DOES NOT REPRESENT A PARTICIPATION IN ANY OF THE COLLECTIVE INVESTMENT SCHEMES PURSUANT TO ART. 7 SS OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES (CISA) AND THUS IS NOT SUBJECT TO THE SUPERVISION OF THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY (EIDGENÖSSISCHE FINANZMARKTAUFSICHT (FINMA)). THEREFORE, INVESTORS IN THIS PRODUCT ARE NOT ELIGIBLE FOR THE SPECIFIC INVESTOR PROTECTION UNDER THE CISA.

DIESES PRODUKT STELLT KEINE BETEILIGUNG AN EINER KOLLEKTIVEN KAPITALANLAGE IM SINNE VON ART. 7 FF. DES SCHWEIZERISCHEN BUNDESGESETZES ÜBER DIE KOLLEKTIVEN KAPITALANLAGEN (KAG) DAR UND UNTERSTEHT SOMIT NICHT DER AUFSICHT DER EIDGENÖSSISCHEN FINANZMARKTAUFSICHT (FINMA). DESHALB BESTEHT FÜR DEN INVESTOR IN DIESES PRODUKT KEIN ANLEGGERSCHUTZ NACH DEM KAG.

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31 January 2012

ISIN: DE000UU09VQ4
 Common Code: 073878764
 German WKN: UU09VQ
 Swiss Valoren: 12516593

**Issue of up to 30,000 Equity Linked "Express" Certificates
 due 24 February 2014
 (the "Certificates")**

***Emission von bis zu 30.000 Aktienbezogenen "Express" Zertifikaten
 fällig 24. Februar 2014
 (die "Zertifikate")***

Certificates are Notes within the meaning of § 793 German Civil Code whereby the payment of interest and/or redemption amounts is linked to the performance of an underlying.

Zertifikate sind Schuldverschreibungen im Sinne von § 793 Bürgerliches Gesetzbuch, deren Zinszahlungs- und/oder Rückzahlungsbeträge an die Entwicklung eines Bezugswerts geknüpft sind.

The Final Terms are issued to give details of an issue under the Structured Note Programme of UBS AG (the "**Programme**") and are to be read in conjunction with the Base Prospectus dated 15 November 2011 which may be supplemented by a supplement from time to time. The terms and conditions applicable to the Certificates (the "**Conditions**") and the English or German language translation thereof, as the case may be, if any, are attached to these Final Terms. They replace in full the Terms and Conditions of the Certificates as set out in the Base Prospectus and take precedence over any conflicting provisions of these Final Terms.

*Diese Endgültigen Bedingungen enthalten Angaben zur Begebung von Zertifikaten unter dem Structured Note Programme der UBS AG (das "**Programm**") und sind in Verbindung mit dem Basisprospekt vom 15. November 2011, der von Zeit zu Zeit durch einen Nachtrag ergänzt werden kann, zu lesen. Die für die Zertifikate geltenden Emissionsbedingungen (die „**Bedingungen**“) sowie eine etwaige englischsprachige bzw. deutschsprachige Übersetzung sind diesen Endgültigen Bedingungen beigefügt. Die Bedingungen ersetzen in Gänze die im Basisprospekt abgedruckten Emissionsbedingungen und gehen etwaigen abweichenden Bestimmungen dieser Endgültigen Bedingungen vor.*

Save as disclosed in item 16 below, so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer.

Ausgenommen des unter dem nachfolgenden Punkt 16 Dargelegten, ist, soweit es der Emittentin bekannt ist, keine weitere Person beteiligt, welche an dem Angebot Interessen hat, die von ausschlaggebender Bedeutung sind.

Capitalised terms used in the section relating to Index Linked Certificates, Equity Linked Certificates, Commodity Linked Certificates and Credit Linked Certificates and not otherwise defined herein or in the Conditions shall have the meaning set out in the 2002 ISDA Equity Derivatives Definitions, the 2005 ISDA Commodity Definitions and, as the case may be, in the 2003 ISDA Credit Derivatives Definitions published by the International Swaps and Derivatives Association, Inc., save that any references to the 'Related Confirmation' shall be deemed to refer to the relevant Final Terms.

In den Abschnitten über Index-, Aktien-, Warenbezogene Zertifikate und Kreditbezogene Zertifikate haben groß geschriebene Begriffe, soweit sie hier nicht anders definiert sind und soweit sich aus diesen Endgültigen Bedingungen nichts anderes ergibt, dieselbe Bedeutung wie in den 2002 ISDA Equity Derivatives Definitions, den 2005 ISDA Commodity Definitions bzw. den 2003 ISDA Credit Derivatives Definitions, veröffentlicht durch die International Swap and Derivatives Association, Inc. Bezugnahmen in den 2003 ISDA Credit Derivatives Definitions auf die "Related Confirmation" gelten als Bezugnahmen auf die jeweiligen "Endgültigen Bedingungen".

The Issuer accepts responsibility for the information contained in these Final Terms and declares, that having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is, to the best knowledge, in accordance with the facts and contains no omission likely to affect its import, save for the information regarding (the issuer(s) of) the Underlying Securities, the Relevant Commodity, the Index, the Indices. The information included herein with respect to (the issuer(s) of) the Underlying Securities, the Relevant Commodity, the Index, the Indices consists of extracts from, or summaries of, annual reports and other publicly available information. The Issuer makes no representation that any publicly available information or any other publicly available documents regarding (the issuer(s) of) the Underlying Securities, the Relevant Commodity, the Index or the Indices are accurate and complete and does not accept any responsibility in respect of such information. There can be no assurance that all events occurring prior to the date of these Final Terms that would affect the trading price of the Underlying Securities, the Relevant Commodity, the Index or the Indices (and therefore the trading price and value of the Certificates) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the Underlying Securities, the Relevant Commodity, the Index or Indices could affect the trading price and value of the Certificates.

Die Emittentin übernimmt die Verantwortung für die Angaben in diesen Endgültigen Bedingungen und bestätigt, dass sie mit angemessener Sorgfalt überprüft hat, dass die in diesen Endgültigen Bedingungen enthaltenen Angaben nach bestem Wissen richtig sind und keine Angaben ausgelassen wurden, deren Auslassung die hierin enthaltenen Angaben irreführend erscheinen lassen könnte, mit Ausnahme der Informationen, die die (Emittenten der) Basiswerte, die Relevanten Waren, den Index, die Indizes betreffen. Die hierin enthaltenen Informationen, die die (Emittenten der) Basiswerte, die Relevanten Waren, den Index, die Indizes betreffen, wurden Auszügen von, oder Zusammenfassungen von Geschäftsberichten oder anderen öffentlich verfügbaren Informationsquellen entnommen. Die Emittentin übernimmt keine Gewährleistung dahingehend, dass jegliche öffentlich zugängliche Informationen oder anderweitige Dokumente betreffend die (Emittenten der) Basiswerte, die Relevanten Waren, den Index oder die Indizes richtig und vollständig sind und übernimmt hinsichtlich solcher Informationen keine Verantwortung. Es kann nicht zugesichert werden, dass alle Ereignisse, die vor dem Datum dieser Endgültigen Bedingungen eingetreten sind, die den Marktpreis der Basiswerte, der Relevanten Waren, des Index oder der Indizes (und somit den Marktpreis und den Wert der Zertifikate) beeinträchtigen können, veröffentlicht worden sind. Eine nachträgliche Veröffentlichung solcher Ereignisse oder die Veröffentlichung oder das Unterlassen der Veröffentlichung von wesentlichen zukünftigen Ereignissen, welche die Basiswerte, die Relevanten Waren, den Index oder die Indizes betreffen, können sich negativ auf den Marktpreis oder den Wert der Zertifikate auswirken.

These Final Terms do not constitute an offer to sell or the solicitation of an offer to buy any Certificates or an investment recommendation. Neither the delivery of these Final Terms nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the issuer(s) of the Underlying Securities since the date hereof or that the information contained herein is correct as of any date subsequent to this date.

Diese Endgültigen Bedingungen stellen kein Angebot oder eine Einladung dar, Zertifikate zu verkaufen oder zu kaufen und sind auch nicht als Anlageempfehlung zu betrachten. Weder die Übergabe dieser Endgültigen Bedingungen bzw. der Verkauf von Zertifikaten hierunter bedeutet, dass keine Verschlechterung der Finanzlage der Emittentin oder der Emittenten der Basiswerte seit dem Datum dieser Endgültigen Bedingungen eingetreten ist oder dass die hierin enthaltenen Informationen auch nach diesem Datum zutreffend sind.

The distribution of these Final Terms and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession these Final Terms come are required by the Issuer to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering and sale of the Series, see "Subscription and Sale" of the Base Prospectus as supplemented or amended by these Final Terms.

Der Vertrieb dieser Endgültigen Bedingungen sowie das Angebot, der Verkauf und die Lieferung von Zertifikaten können in bestimmten Ländern gesetzlich beschränkt sein. Personen, die in den Besitz dieser Endgültigen Bedingungen gelangen, sind von der Emittentin aufgefordert, sich selbst über solche Beschränkungen zu unterrichten und diese zu beachten. Wegen der Darstellung bestimmter Beschränkungen betreffend Angebot und Verkauf von Serien wird auf den im Basisprospekt

enthaltenen Abschnitt "Subscription and Sale" verwiesen, der durch diese Endgültigen Bedingungen ergänzt wird.

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|-----|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Issuer:
<i>Emittentin:</i> | UBS AG, acting through UBS AG, London Branch
<i>UBS AG, handelnd durch UBS AG, London Branch</i> |
| 2. | Series Number:
<i>Seriennummer:</i> | 8,471
<i>8.471</i> |
| 3. | Language of Conditions:
<i>Sprache der Bedingungen:</i> | German and English (German controlling)
<i>Deutsch und Englisch (deutscher Text maßgeblich)</i> |
| 4. | Specified Currency or Currencies:
<i>Währung(en):</i> | Euro (" EUR ")
<i>Euro ("EUR")</i> |
| 5. | (i) Number of Units:
<i>Anzahl der Stücke:</i> | Up to 30,000 Certificates
<i>Bis zu 30.000 Zertifikate</i> |
| | (ii) Minimum Exercise Lot:
<i>Mindestausübungszahl:</i> | 1
<i>1</i> |
| 6. | Issue Price:
<i>Emissionspreis:</i> | EUR 900.00 per unit
<i>EUR 900,00 pro Stück</i> |
| 7. | Par Value:
<i>Nennwert:</i> | EUR 1,000.00
<i>EUR 1.000,00</i> |
| 8. | Issue Date:

<i>Begebungstag:</i> | 24 February 2012
In case of abbreviation or extension of the Subscription Period, the Issue Date may be changed accordingly.
<i>24. Februar 2012</i>
<i>Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Begebungstag entsprechend verschieben.</i> |
| 9. | (i) Maturity Date:
<i>Fälligkeitstag:</i> | 24 February 2014
In case of abbreviation or extension of the Subscription Period, the Maturity Date may be changed accordingly.
<i>24. Februar 2014</i>
<i>Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Fälligkeitstag entsprechend verschieben.</i> |
| | (ii) Expiration Date:

<i>Verfalltag:</i> | 17 February 2014
In case of abbreviation or extension of the Subscription Period, the Expiration Date may be changed accordingly.
<i>17. Februar 2014</i>
<i>Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Verfalltag entsprechend verschieben.</i> |
| 10. | Redemption/Payment Basis:
<i>Rückzahlungsmodalität:</i> | Equity Linked Redemption (further particulars specified below)
<i>Aktienbezogene Rückzahlung (weitere Angaben unten)</i> |

11.	Change of Interest or Redemption/Payment Basis: <i>Wechsel der Zins- oder Rückzahlungsmodalität:</i>	Not Applicable <i>Nicht anwendbar</i>
12.	Put/Call Options: <i>Gläubigerkündigungsrechte/ Kündigungrechte der Emittentin:</i>	Automatic Early Redemption (further particulars specified under item 19. below) <i>Vorzeitige Automatische Rückzahlung (zusätzliche Einzelheiten nachstehend unter Ziffer 19.)</i>
13.	(i) Listing: <i>Börsenzulassung:</i>	Application will be made to list the Certificates on EuroTLX and/or on the SeDeX Market of Borsa Italiana S.p.A. as specified by Borsa Italiana Notice. <i>Die Zulassung der Zertifikate an der EuroTLX und/oder im SeDeX Markt der Borsa Italiana S.p.A. wird zu dem in der Bekanntmachung der Borsa Italiana bekanntgegebenen Datum beantragt.</i>
	(ii) Trading: <i>Handel:</i>	Not Applicable <i>Nicht anwendbar</i>
	(iii) Last Trading Date: <i>Letzter Handelstag:</i>	4 business days (on which Borsa Italiana is open for trading) prior to the Expiration Date <i>4 Tage (an denen die Borsa Italiana für den Handel geöffnet ist) vor dem Verfalltag</i>
	(iv) Additional existing listings: <i>Weitere bestehende Börsenzulassungen:</i>	Not Applicable <i>Nicht anwendbar</i>
14.	Estimated Expenses: <i>Geschätzte Gesamtkosten:</i>	Not Applicable <i>Nicht anwendbar</i>
15.	Use of Proceeds: <i>Verwendung der Erträge:</i>	Not Applicable <i>Nicht anwendbar</i>
16.	Material Interest: <i>Interessen von ausschlaggebender Bedeutung:</i>	Not Applicable <i>Nicht anwendbar</i>

**PROVISIONS RELATING TO REDEMPTION
RÜCKZAHLUNGSMODALITÄTEN**

17.	Automatic Exercise: <i>Automatische Ausübung:</i>	Applicable <i>Anwendbar</i>
18.	Call Option : <i>Vorzeitige Rückzahlung nach Wahl der Emittentin):</i>	Not Applicable <i>Nicht Anwendbar</i>
19.	Automatic Early Redemption (§4(3)): <i>Vorzeitige Automatische Rückzahlung (§4(3)):</i>	Applicable, further particulars see under §4(3) of the Terms and Conditions in Appendix B to the Final Terms. <i>Anwendbar, zusätzliche Einzelheiten siehe §4(3) der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen.</i>

20.	Put Option: <i>Vorzeitige Rückzahlung nach Wahl der Gläubiger:</i>	Not Applicable <i>Nicht anwendbar</i>
21. (a)	§ 4(2) Tax Call: § 4(2) Vorzeitige Rückzahlung aus steuerlichen Gründen:	Applicable <i>Anwendbar</i>
21. (b)	Early Redemption following the occurrence of (§4(4)): <i>Vorzeitige Rückzahlung bei Vorliegen von (§4(4)):</i>	
	(i) Change in Law: <i>Rechtsänderung:</i>	Applicable <i>Anwendbar</i>
	(ii) Hedging Disruption: <i>Hedging-Störung:</i>	Not applicable <i>Nicht anwendbar</i>
	(iii) Increased Cost of Hedging: <i>Gestiegene Hedging-Kosten:</i>	Not applicable <i>Nicht anwendbar</i>
22.	Final Redemption Amount of each Certificate: <i>Rückzahlungsbetrag:</i>	The Equity Linked Redemption Amount as defined in §4a of the Terms and Conditions in Appendix B to the Final Terms. <i>Der Aktienbezogene Rückzahlungsbetrag, wie in §4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i>
23.	Early Redemption Amount(s) of each Certificates payable on redemption on an Event of Default or Tax Call and/or the method of calculating the same (if required or if different from that set out in §4) ¹ : <i>Vorzeitige(r) Rückzahlungsbetrag (-beträge) bei Kündigungen oder Steuerkündigungen und Methode zu dessen (deren) Berechnung (falls erforderlich oder falls abweichend von §4)²:</i>	See §4(5) of the Terms and Conditions in Appendix B to the Final Terms. <i>Wie in §4(5) der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i>

PROVISIONS RELATING TO EQUITY LINKED CERTIFICATES
BESTIMMUNGEN FÜR AKTIENBEZOGENE ZERTIFIKATE

24.	Equity Linked Certificate Provisions: <i>Aktienbezogene Modalitäten:</i>	Applicable in relation to the Equity Linked Redemption Amount (as defined in §§4a, 4b and 4c of the Terms and Conditions in Appendix B to the Final Terms). <i>Anwendbar in Bezug auf den Aktienbezogenen Rückzahlungsbetrag (wie in §§4a, 4b und 4c der</i>
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¹ With regard to Certificates listed on SeDeX of Borsa Italiana S.p.A.: Costs for unwinding hedging arrangements may not be considered when determining the Early Redemption Amount(s).
Hinsichtlich der Zertifikate, die im SeDeX der Borsa Italiana S.p.A. notiert werden: Kosten für das Auflösen von Hedging Vereinbarungen können im Rahmen des/der Vorzeitigen Rückzahlungsbetrags/beträge nicht berücksichtigt werden.

Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert).

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|-------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | Share Basket Transaction:
<i>Aktienkorb-Transaktion:</i> | Not Applicable
<i>Nicht anwendbar</i> |
| (ii) | Underlying Securities:

<i>Basiswerte:</i> | LVMH Moët Hennessy Louis Vuitton S.A. shares
Coach Inc. shares
PPR SA shares
Ralph Lauren Corporation shares
Compagnie Financière Richemont SA shares
(further particulars see Appendix A)
<i>LVMH Moët Hennessy Louis Vuitton S.A. Aktien</i>
<i>Coach Inc. Aktien</i>
<i>PPR SA Aktien</i>
<i>Ralph Lauren Corporation Aktien</i>
<i>Compagnie Financière Richemont SA shares</i>
<i>(weitere Einzelheiten siehe Anhang A)</i> |
| (a) | Issuer(s):
<i>Emittent(en):</i> | See Appendix A to the Final Terms
<i>Siehe Anhang A zu den Endgültigen Bedingungen</i> |
| (b) | ISIN / Common Code:

<i>ISIN / Common Code:</i> | LVMH Moët Hennessy Louis Vuitton S.A.
(ISIN: FR0000121014, Bloomberg Code: MC FP)
Coach Inc.
(ISIN: US1897541041, Bloomberg Code; COH US)
PPR SA
(ISIN: FR0000121485, Bloomberg Code: PP FP)
Ralph Lauren Corporation
(ISIN: US7512121010, Bloomberg Code: RL US)
Compagnie Financière Richemont SA
(ISIN: CH0045039655, Bloomberg Code: CFR VX)
<i>LVMH Moët Hennessy Louis Vuitton S.A.</i>
<i>(ISIN: FR0000121014, Bloomberg Code: MC FP)</i>
<i>Coach Inc.</i>
<i>(ISIN: US1897541041, Bloomberg Code; COH US)</i>
<i>PPR SA</i>
<i>(ISIN: FR0000121485, Bloomberg Code: PP FP)</i>
<i>Ralph Lauren Corporation</i>
<i>(ISIN: US7512121010, Bloomberg Code: RL US)</i>
<i>Compagnie Financière Richemont SA</i>
<i>(ISIN: CH0045039655, Bloomberg Code: CFR VX)</i> |
| (c) | Related Exchange:
<i>Verbundene Börse:</i> | As defined in § 4a of the Terms and Conditions in Appendix B to the Final Terms
<i>Wie in § 4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert</i> |
| (d) | Exchange:
<i>Börse:</i> | As defined in § 4a of the Terms and Conditions in Appendix B to the Final Terms
<i>Wie in § 4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert</i> |
| (e) | All Exchanges:
<i>Alle Börsen:</i> | Applicable
<i>Anwendbar</i> |
| (iii) | Formula to determine Equity Linked Redemption Amount: | As defined in §4a of the Terms and Conditions in |

	Appendix B to the Final Terms.
<i>Formel zur Bestimmung des Aktienbezogenen Rückzahlungsbetrags:</i>	<i>Wie in §4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i>
(iv) Provisions where calculation by reference to the Underlying Securities and/or formula is impossible or impracticable:	As defined in §4c of the Terms and Conditions in Appendix B to the Final Terms.
<i>Bestimmung für den Fall, dass Berechnung unter Zugrundelegung der Basiswerte und/oder der Formel unmöglich oder nicht zweckmäßig ist:</i>	<i>Wie in §4c der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i>
(v) Provisions relating to the determination of the Reference Asset Amount:	Applicable in relation to the Equity Linked Redemption Amount (as defined in §4a of the Terms and Conditions in Appendix B to the Final Terms).
<i>Regelungen bezüglich der Bestimmung der Anzahl der Referenzwerte:</i>	<i>Anwendbar in Bezug auf den Aktiebezogenen Rückzahlungsbetrag (wie in §4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert).</i>
(vi) Delivery Agent: Lieferstelle:	UBS Limited <i>UBS Limited</i>
(vii) Clearing System for the delivery of the Underlying Securities: <i>Clearing System für die Lieferung der Basiswerte:</i>	Clearstream Banking AG, Frankfurt <i>Clearstream Banking AG, Frankfurt</i>
(viii) Disruption Cash Settlement Price: <i>Abrechnungspreis bei Lieferungsstörung:</i>	Not Applicable <i>Nicht anwendbar</i>
(ix) Equity Valuation Date(s): <i>Aktienbezogene Bewertungstag(e):</i>	As defined in §4a of the Terms and Conditions in Appendix B to the Final Terms. <i>Wie in §4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i>
(x) Equity Valuation Time: <i>Aktienbezogene Bewertungszeitpunkt:</i>	As defined in §4a of the Terms and Conditions in Appendix B to the Final Terms. <i>Wie in §4a der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i>

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| (xi) Details of any other relevant terms, any stock exchange requirement/tax considerations:
<i>Einzelheiten zu anderen Bestimmungen, Börsenvorschriften und Steuererwägungen:</i> | Not Applicable

<i>Nicht anwendbar</i> |
| (xii) Method of calculating the Early Redemption Amount (other than following an Event of Default or Tax Call):

<i>Methode zur Berechnung des Vorzeitigen Rückzahlungsbetrags (bei anderen Gründen als Kündigungsgründen oder Steuerkündigungsgründen:</i> | As defined in §4(5) of the Terms and Conditions in Appendix B to the Final Terms.

<i>Wie in §4(5) der Emissionsbedingungen im Anhang B zu den Endgültigen Bedingungen definiert.</i> |
| (xiii) Protection Amount:
<i>Kapitalschutz:</i> | Not Applicable
<i>Nicht anwendbar</i> |
| (xiv) Extraordinary Event:
<i>Außerordentliches Ereignis</i> | Cancellation and Payment
<i>Kündigung und Zahlung</i> |
| (xv) Additional provisions:
<i>Weitere Bestimmungen:</i> | See Appendix B to the Final Terms
<i>Siehe Anhang B zu den Endgültigen Bedingungen</i> |

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES
ALLGEMEINE BESTIMMUNGEN FÜR DIE ZERTIFIKATE

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 25. Form of Certificates:
<i>Verbriefung:</i> | Permanent Global Note
<i>Dauerglobalurkunde</i> |
| 26. Relevant Financial Centre(s) or other special provisions relating to Payment Days (§5(2)):
<i>Finanzzentrum (-zentren) oder andere spezielle Vereinbarungen in Bezug auf Zahltag(e) (§5(2)):</i> | Milan, London, TARGET

<i>Mailand, London, TARGET</i> |
| 27. Details relating to Partly Paid Certificates:
<i>Einzelheiten in Bezug auf Teileingezahlte Zertifikate:</i> | Not Applicable

<i>Nicht anwendbar</i> |
| 28. Rebalancing:
<i>Rebalancing:</i> | Not Applicable
<i>Nicht anwendbar</i> |
| 29. Redenomination, renominalisation and reconventioning provisions:
<i>Währungsumstellung, Nennwertumstellung und Umstellungsbestimmungen:</i> | Not Applicable

<i>Nicht anwendbar</i> |

30.	Consolidation Provisions: <i>Konsolidierungsbestimmungen:</i>	Not Applicable <i>Nicht anwendbar</i>
31.	Additional Provisions: <i>Weitere Bestimmungen:</i>	Not Applicable <i>Nicht anwendbar</i>
32.	Additional Tax Disclosure: <i>Zusätzliche Information betreffend Besteuerung:</i>	See Appendix D to the Final Terms <i>Siehe Anhang D zu den Endgültigen Bedingungen</i>

DISTRIBUTION
ANGABEN ZUR PLATZIERUNG

33.	Method of Distribution: <i>Vertriebsmethode:</i>	Non-Syndicated <i>Nicht syndiziert</i>
34.	(i) If syndicated, names of Managers: <i>Falls syndiziert, Namen der Manager:</i>	Not Applicable <i>Nicht anwendbar</i>
	(ii) Firm commitment: <i>Feste Zusage:</i>	Not Applicable <i>Nicht anwendbar</i>
	(iii) No firm commitment/best efforts arrangement: <i>Keine feste Zusage/zu den bestmöglichen Bedingungen:</i>	Not Applicable <i>Nicht anwendbar</i>
35.	Intermediaries in Secondary Trading: <i>Intermediäre im Sekundärhandel:</i>	UBS Limited <i>UBS Limited</i>
	(i) Stabilising Manager: <i>Kursstabilisierender Manager:</i>	Not Applicable <i>Nicht anwendbar</i>
	(ii) Other: <i>Sonstige:</i>	It is the current practice (but not the legal obligation) of UBS Limited / UBS AG to quote on request a live price, which it might pay/charge for buying back any Certificate of this type that it arranges. A live buy-back price may be affected by then current market conditions, liquidity and market standard denomination. UBS Limited / UBS AG is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote. <i>Es ist gegenwärtige Praxis der UBS Limited / UBS AG (jedoch keine rechtliche Verpflichtung), auf Anfrage einen effektiven Preis zu stellen, welchen sie für den Kauf von Zertifikaten dieser von ihr arrangierten Art zahlt bzw. berechnet. Ein effektiver Rückkaufspreis kann beeinflusst sein von den zum jeweiligen Zeitpunkt vorherrschenden Marktverhältnissen, der Liquidität sowie dem Marktstandard betreffend die Stückelung. Die UBS Limited / UBS AG unterliegt keiner Verpflichtung, den von ihr gestellten Preis für einen bestimmten Zeitraum aufrecht zu erhalten, es sei denn, dies wurde zum Zeitpunkt der Stellung des Preises so vereinbart.</i>

36. Entity(ies) accepting subscriptions ("Distributor(s)"): Cassa Lombarda
Via Manzoni, 12/14
20121 Milano
Italy,
Banca Passadore & C. S.p.A.
Sede Legale e Direzione Generale:
Via Ettore Vernazza, 27
16121 Genova (GE)
Italy,
UBS (Italia) S.p.A.
Via del Vecchio Politecnico, 3
20121 Milano
Italy
- Stelle, die Zeichnungen entgegennimmt*
("Vertriebsstelle(n)"): Cassa Lombarda
Via Manzoni, 12/14
20121 Mailand
Italien,
Banca Passadore & C. S.p.A.
Sede Legale e Direzione Generale:
Via Ettore Vernazza, 27
16121 Genua (GE)
Italien
UBS (Italia) S.p.A.
Via del Vecchio Politecnico, 3
20121 Mailand
Italien
37. Non-exempt Offer: An offer of Certificates may be made other than pursuant to Article 3 (2) of the Prospectus Directive in Italy (the "**Public Offer Jurisdiction(s)**") during the period from, and including, 30 Januar 2012 until, and including, 12 p.m. (CET) on 17 February 2012 (the "**Offer Period**").
- Prospektpflichtiges Angebot:* *Ein Angebot kann außerhalb des Ausnahmereichs gemäß § 3 (2) der Prospektrichtlinie in Italien (der/die "**Öffentliche(n) Angebotsstaat(en)**") innerhalb des Zeitraumes von 30. Januar 2012 (einschließlich) bis 12:00 Uhr (MEZ) am 17. Februar 2012 (einschließlich) (die "**Angebotsfrist**") durchgeführt werden.*
38. Public offer and subscription period: Public offering: as of 30 January 2012.
Subscription Period: 30 January 2012 until 17 February 2012, 12:00 CET, during the hours in which banks are generally open for business in Italy, subject to early termination or extension within the discretion of the Issuer.
- Any such change or any amendment to the Subscription Period will be communicated to investors by means of a notice published in accordance with §12.
- Applications to subscribe for the Certificates may be made in Italy during the Subscription Period (subject to adjustment) at participating branches of a Distributor.

Applications will be in accordance with the relevant Distributor's ordinary procedures.

Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer relating to the subscription for the Certificates.

Zeitraum für das öffentliche Angebot und die Zeichnung:

*Öffentliches Angebot: ab dem 30. Januar 2012.
Zeichnungsfrist: 30. Januar 2012 bis 17. Februar 2012, 12:00 Uhr MEZ, während der regulären Öffnungszeiten von Banken in Italien, vorbehaltlich einer Verkürzung oder Verlängerung im Ermessen der Emittentin.*

Eine Änderung oder Anpassung der Zeichnungsfrist wird den Investoren durch Veröffentlichung einer Bekanntmachung gemäß § 12 mitgeteilt.

Anmeldungen zur Zeichnung für die Zertifikate können in Italien während der Zeichnungsfrist (vorbehaltlich einer Anpassung) bei den teilnehmenden Filialen der Vertriebsstelle(n) gemacht werden.

Diese Anmeldung erfolgen gemäß den entsprechenden Prozessen der Vertriebsstelle(n).

Es ist nicht erforderlich, dass zukünftige Investoren hinsichtlich der Zeichnungen vertragliche Vereinbarungen unmittelbar mit der Emittentin eingehen.

39. Subscription Agreement (if any):
Übernahmevertrag (soweit vorhanden):

Not Applicable

Nicht anwendbar

(i) Date of subscription agreement:
Datum des Übernahmevertrags:

Not Applicable

Nicht anwendbar

(ii) General features of the subscription agreement:
Angabe der Hauptmerkmale des Übernahmevertrags:

Not Applicable

Nicht anwendbar

40. Commissions:

The Issuer may grant turnover-related sales and recurring commissions to distributors as indicated in No. 40 (i) to (iv). Sales commissions are paid out of the issue proceeds as a one-off payment; alternatively the Issuer may grant an agio on the issue price (excl. the issue surcharge) to the distributor. Recurring commissions are paid regularly depending on the respective certificates volume. If UBS acts as Issuer and distributor the relevant commissions are internally booked in favour of the distributing organisational unit.

Provisionen:

Die Emittentin kann Verkaufs- und

Bestandsprovisionen als umsatzabhängige Vertriebsvergütungen an die jeweilige Vertriebsstelle zahlen (vgl. Nr. 40 (i) bis (iv)). Verkaufsprovisionen werden aus dem Emissionserlös als einmalige Zahlung geleistet; alternativ gewährt die Emittentin der jeweiligen Vertriebsstelle einen entsprechenden Abschlag auf den Emissionspreis (ohne Ausgabeaufschlag). Bestandsprovisionen werden bestandsabhängig wiederkehrend gezahlt. Ist UBS beim Vertrieb eigener Wertpapiere sowohl Emittentin als auch Vertriebsstelle, werden der vertreibenden Stelle der UBS entsprechende Beträge bankintern gutgeschrieben.

- | | | |
|-------|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | Management/Underwriting Commission:
<i>Management- und Übernahmeprovion:</i> | None

Keine |
| (ii) | Selling Commission:
<i>Verkaufsprovision:</i> | Distribution Fees paid by the Issuer to each Distributor(s) up to 2.00% of the Issue Price
<i>Vertriebsprovision zahlbar von der Emittentin an jede Vertriebsstelle von bis zu 2,00% des Emissionspreises</i> |
| (iii) | Listing Commission:
<i>Börsenzulassungsprovision:</i> | None
Keine |
| (iv) | Other:
<i>Sonstige:</i> | None
Keine |
| 41. | Application Process:

<i>Zuteilungsverfahren:</i> | There are no pre-identified allotment criteria. The Distributor(s) (as defined above) will adopt allotment criteria that ensure equal treatment of prospective investors. All of the Certificates requested through the Distributor(s) during the Subscription Period will be assigned up to the maximum amount of units offered.

<i>Vorabfestgelegte Zuteilungskriterien sind nicht definiert. Die Vertriebsstelle(n) (wie vorstehend definiert) werden Zuteilungskriterien anwenden, die sicherstellen, dass zukünftige Investoren gleich behandelt werden. Die während der Zeichnungsfrist von der/den Vertriebsstelle(n) abgeforderten Zertifikate werden bis zur Gesamtanzahl der angebotenen Zertifikate zugeteilt.</i> |
| 42. | Minimum and/or maximum amount of investment:

<i>Mindest- und/oder Höchstbetrag der Investition:</i> | Minimum amount: 1 unit
The maximum allocation of Securities will be subject only to availability at the time of application.

<i>Mindestbetrag: 1 Stück</i> |
| 43. | Process for notification: | Each investor will be notified by the relevant Distributor of its allocation of Certificates after the end of the Subscription Period and before the Issue |

		Date according to the relevant Distributor's usual procedures. No dealings in the Certificates may take place prior to the Issue Date.
	<i>Verfahren zur Meldung zugeteilter Beträge:</i>	<i>Jeder Investor wird nach dem Ende der Zeichnungsfrist und vor dem Begebungstag über die Zuteilung von Zertifikaten im Rahmen der üblichen Prozesse der entsprechenden Vertriebsstelle informiert.</i>
44.	Categories of potential investors: <i>Kategorien potentieller Investoren:</i>	Institutional and retail investors <i>Institutionelle und private Investoren</i>
45.	Information with regard to the manner and date of the offer: <i>Informationen zu der Art und Weise und des Termins des Angebots:</i>	Not Applicable <i>Nicht anwendbar</i>
46.	If non-syndicated, name of Manager (<i>Responsabile del Collocamento</i> as defined under article 93-bis of the Legislative Decree of 24 February 1998, n. 58, as subsequently amended (the " Italian Financial Services Act ")): <i>Falls nicht syndiziert, Name des Platzeurs (Responsabile del Collocamento, wie in Article 93-bis des Legislative Decree vom 24. Februar 1998, n. 58, wie nachträglich geändert (das "Italian Financial Services Act")):</i>	UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom <i>UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, Vereinigtes Königreich</i>
47.	Applicable TEFRA rules: <i>Anwendbare TEFRA-Regelung:</i>	TEFRA C <i>TEFRA C</i>
48.	Additional selling restrictions: <i>Zusätzliche Verkaufsbeschränkungen:</i>	Applicable <i>Anwendbar</i>
	Country: <i>Land:</i>	Hong Kong and Singapore <i>Hongkong und Singapur</i>
49.	Certification of non-U.S. status: <i>Bescheinigung über Nicht-U.S. Status:</i>	Not Applicable <i>Nicht anwendbar</i>
50.	Third Party Information:	Where information has been sourced from a third party, confirmation is given that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of information is set out where the

Informationen von Seiten Dritter:

relevant information is given. The Issuer has neither independently verified any such information, nor accepts any responsibility for error or omission made in the source itself.

Sofern Informationen von Seiten Dritter übernommen wurden, wird bestätigt, dass diese Informationen korrekt wiedergegeben wurden und dass – soweit es der Emittentin bekannt ist und sie aus den von dieser dritten Partei übermittelten Informationen ableiten konnte – keine Fakten unterschlagen wurden, die die reproduzierten Informationen inkorrekt oder irreführend gestalten würden. Die Quelle der Information ist bei der entsprechenden Information angegeben. Die Emittentin hat die Informationen nicht selbstständig überprüft und übernimmt keine Verantwortung für Fehler oder Auslassungen in der Quelle selbst.

**OPERATIONAL INFORMATION
ANGABEN ZUR ABWICKLUNG**

51.	ISIN:	DE000UU09VQ4
52.	Common Code:	073878764
53.	Other Securities Code(s): <i>Andere Wertpapierkennnummer(n):</i>	German WKN: UU09VQ <i>Deutsche WKN: UU09VQ</i>
54.	Swiss Security number: <i>Schweizer Valorennummer:</i>	12516593 <i>12516593</i>
55.	(i) Clearing System(s):	Clearstream Banking AG, Frankfurt Neue Börsenstr. 1 D-60487 Frankfurt am Main Euroclear Bank S.A./N.V. 1. Boulevard du Roi Albert II B-1210 Brussels Clearstream Banking société anonyme, Luxembourg 42 Avenue JF Kennedy L-1855 Luxembourg SIX SIS AG Baslerstrasse 100 CH-4600 Olten Monte Titoli S.p.A. Via Mantegna 6 I-20124 Milan
	<i>Clearing System(e):</i>	<i>Clearstream Banking AG, Frankfurt Neue Börsenstr. 1 D-60487 Frankfurt am Main Euroclear Bank S.A./N.V. 1. Boulevard du Roi Albert II B-1210 Brüssel Clearstream Banking société anonyme, Luxembourg</i>

42 Avenue JF Kennedy
L-1855 Luxembourg
SIX SIS AG
Baslerstrasse 100
CH-4600 Olten

Monte Titoli S.p.A.
Via Mantegna 6
I-20124 Mailand

- | | | |
|-------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (ii) | Clearing System for delivery of the Underlying Securities:
<i>Clearing System zur Lieferung der Basiswerte:</i> | Not Applicable
<i>Nicht anwendbar</i> |
| (iii) | Physical Delivery:
<i>Lieferung effektiver Stücke:</i> | Not Applicable
<i>Nicht anwendbar</i> |
| 56. | Delivery:
<i>Lieferung:</i> | Delivery against payment
<i>Lieferung gegen Zahlung</i> |
| 57. | Fiscal and Paying Agent:

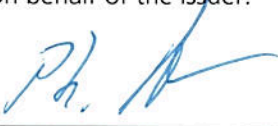
<i>Hauptzahlstelle und Zahlstelle:</i> | UBS Limited, London
c/o UBS Deutschland AG
Bockenheimer Landstrasse 2-4
D-60306 Frankfurt am Main
<i>UBS Limited, London
c/o UBS Deutschland AG
Bockenheimer Landstraße 2-4
D-60306 Frankfurt am Main</i> |
| 58. | Additional Paying Agent:
<i>Weitere Zahlstelle:</i> | Not Applicable
<i>Nicht anwendbar</i> |
| 59. | Calculation Agent:

<i>Berechnungsstelle:</i> | UBS AG, Bahnhofstrasse 45
CH-8001 Zurich/
Aeschenvorstadt 1
CH-4051 Basle,
acting through UBS AG, London Branch, 1 Finsbury
Avenue, London EC2M 2PP, United Kingdom
<i>UBS AG, Bahnhofstrasse 45
CH-8001 Zürich/
Aeschenvorstadt 1
CH-4051 Basel,
handelnd durch UBS AG, London Branch, 1 Finsbury
Avenue, GB-London EC2M 2PP</i> |


**APPLICABLE LAW AND JURISDICTION
ANWENDBARES RECHT UND GERICHTSSTAND**

60. Applicable law: German law
 Anwendbares Recht: *Deutsches Recht*
61. Place of jurisdiction: Frankfurt am Main
 Gerichtsstand: *Franfurt am Main*

Signed on behalf of the Issuer:

By:  _____
 Duly authorised

Philippe Adam
Director

By:  _____
 Duly authorised

Stefanie Ganz
Executive Director

**APPENDIX A
TO THE FINAL TERMS**

GENERAL DESCRIPTION OF THE UNDERLYING SECURITIES

LVMH Moët Hennessy Louis Vuitton S.A. (ISIN FR0000121014)

LVMH Moët Hennessy Louis Vuitton S.A. is a diversified luxury goods group. The company produces and sells champagne, cognac, perfumes, cosmetics, luggage, watches and jewellery.

Further information as well as information about the past performance and the volatility of the Underlying can be obtained from the internet page www.lvmh.com.

Coach Inc. (ISIN US1897541041)

Coach, Inc. designs, produces, and markets primarily leather goods. The company's products include handbags, business cases, men's and women's accessories, luggage and travel accessories, leather outerwear, and gloves. Coach, together with a licensing partner, offers watches, footwear, furniture, and eyewear.

Further information as well as information about the past performance and the volatility of the Underlying can be obtained from the internet page www.coach.com

PPR SA (ISIN FR0000121485)

PPR retails consumer and household products, sporting goods, personal computer and lingerie, and luxury goods.

Further information as well as information about the past performance and the volatility of the Underlying can be obtained from the internet page www.ppr.com.

Ralph Lauren Corporation (ISIN US7512121010)

Ralph Lauren Corporation designs, markets and distributes men's, women's and children's apparel, accessories, fragrances, and home furnishings. The company's products are sold under a wide range of brands. Ralph Lauren's operations include Wholesale, Retail and Licensing.

Further information as well as information about the past performance and the volatility of the Underlying can be obtained from the internet page investor.ralphlauren.com.

Compagnie Financière Richemont SA (ISIN CH0045039655)

Compagnie Financiere Richemont SA, through subsidiaries, manufactures and retails luxury goods. The Company produces jewelry, watches, leather goods, writing instruments, and men's and women's wear.

Further information as well as information about the past performance and the volatility of the Underlying can be obtained from the internet page www.richemont.com.

**ANHANG B
ZU DEN ENDGÜLTIGEN BEDINGUNGEN**

**EMISSIONSBEDINGUNGEN
DER ZERTIFIKATE**

Diese Serie von Zertifikaten wird unter dem *Structured Note Programme* der UBS AG begeben. Kopien eines damit in Zusammenhang stehenden Agency Agreements sowie der 2003 ISDA Credit Derivatives Definitions, der 2005 ISDA Commodity Definitions und der 2002 ISDA Equity Derivatives Definitions können, soweit anwendbar, bei den bezeichneten Geschäftsstellen der Hauptzahlstelle und jeder Zahlstelle von den Gläubigern (die "**Gläubiger**") während der üblichen Geschäftszeiten eingesehen werden.

**§1
(Währung. Nennwert. Form.
Zertifikatsrecht. Clearing System)**

- (1) *Währung. Nennwert. Form. Zertifikatsrecht.* Diese Serie von bis zu 30.000 Zertifikaten (die "**Zertifikate**") der UBS AG, handelnd durch UBS AG, London Branch, (die "**Emittentin**") wird in Euro ("**EUR**" oder die "**Währung**") am 24. Februar 2012 (der "**Begebungstag**") begeben, jeweils mit einem Nennwert von EUR 1.000,00 (der "**Nennwert**"). Die Zertifikate lauten auf den Inhaber, und die Ausstellung effektiver Urkunden ist ausgeschlossen.

Der Gläubiger hat das Recht, von der Emittentin am Fälligkeitstag bzw. am Automatischen Vorzeitigen Rückzahlungstag (wie nachstehend definiert) nach Maßgabe dieser Bedingungen die Zahlung des Aktienbezogenen Rückzahlungsbetrags (wie nachstehend definiert) bzw. vorbehaltlich des Eintritts der Automatischen Vorzeitigen Rückzahlungsbedingung (wie nachstehend definiert) die Zahlung des Wahlrückzahlungsbetrags (wie nachstehend definiert) zu verlangen.

Weiterhin hat der Gläubiger das Recht, die Zahlung der Zusatzbeträge_(i=1) bis _(i=4) (wie nachstehend definiert), vorbehaltlich des Eintritts der Zusatzbetragsbedingung (wie nachstehend definiert), zu verlangen. Die Zahlung des jeweiligen Zusatzbetrages erfolgt innerhalb von 5 Geschäftstagen nach dem entsprechenden

**APPENDIX B
TO THE FINAL TERMS**

**TERMS AND CONDITIONS
OF THE CERTIFICATES**

This Series of Certificates is issued under the *Structured Note Programme* of UBS AG. Copies of an Agency Agreement relating thereto as well as the 2003 ISDA Credit Derivatives Definitions, the 2005 ISDA Commodity Definitions and the 2002 ISDA Equity Derivatives Definitions, if applicable, are available for inspection during normal business hours by the holders of the Certificates (the "**Certificateholders**") at the specified offices of the Fiscal Agent.

**§1
(Currency. Par Value. Form. Certificate
Right. Clearing System)**

- (1) *Currency. Par Value. Form. Certificate Right.* This Series of up to 30,000 Certificates (the "**Certificates**") of UBS AG, acting through UBS AG, London Branch, (the "**Issuer**") is issued in Euro ("**EUR**" or the "**Currency**") on 24 February 2012 (the "**Issue Date**") having a par value of EUR 1,000.00 each (the "**Par Value**"). The Certificates are being issued in bearer form and will not be represented by definitive notes.

In accordance with these Terms and Conditions, the Certificateholder has the right to demand from the Issuer, on the Maturity Date or on the Automatic Early Redemption Date (as defined below) payment of the Equity Linked Redemption Amount (as defined below) or, subject to the occurrence of the Automatic Early Redemption Condition (as defined below) payment of the Optional Redemption Amount (as defined below).

Furthermore, the Certificateholder has the right to request from the Issuer payment of the Additional Amounts_(i=1) to _(i=4), subject to the occurrence of the Additional Amount Condition (as defined below). Payment of the relevant Additional Amount shall be made within 5 Business Days after the relevant Semi-Annual Observation

Halbjährlichen-Beobachtungstag⁽ⁱ⁾ (wie nachstehend definiert) bzw. am Fälligkeitstag.

Die Gläubiger können auf die Ausübung des Zertifikatsrechts dieses Unterabsatzes verzichten. Ein solcher Verzicht kann durch das Übersenden der vollständig ausgefüllten Verzichtsmitteilung per E-Mail an die Emittentin vor 15:00h (Mailänder Zeit) am 17. Februar 2014 ausgeübt werden. Die Vorlage für eine solche Verzichtsmitteilung steht in einem Anhang zu den Bedingungen (Anhang Verzicht).

- (2) *Dauerglobalurkunde.* Die Zertifikate sind durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" oder eine "**Globalurkunde**") ohne Zinsscheine verbrieft, welche die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin trägt und von der Hauptzahlstelle mit einer Kontrollunterschrift versehen ist.
- (3) *Clearing System.* Jede Dauerglobalurkunde wird so lange von einem oder im Namen eines Clearing Systems verwahrt werden, bis sämtliche Verbindlichkeiten der Emittentin aus den Zertifikaten erfüllt sind. "**Clearing System**" bedeutet jeweils folgendes: Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**"), Clearstream Banking *société anonyme*, Luxembourg ("**Clearstream Luxembourg**"), Euroclear Bank S.A./N.V. ("**Euroclear**"), SIX SIS AG ("**SIS**") und Monte Titoli S.p.A. ("**Monte Titoli**") oder jeder Rechtsnachfolger. Den Gläubigern stehen Miteigentumsanteile an der jeweiligen Globalurkunde zu, die gemäß den Regelungen und Bestimmungen des jeweiligen Clearing Systems übertragen werden können.

§2 (Status)

Die Verpflichtungen aus den Zertifikaten begründen unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind.

Date⁽ⁱ⁾ (as defined below) or on the Maturity Date.

The Certificateholders are entitled to waive the Certificate Right set out in this sub-paragraph. Such waiver may be exercised by a Certificateholder by sending a duly completed waiver notice to the Issuer by email prior to 3:00 pm (Milan time) on 17 February 2014, as the case may be. The form of such waiver notice is set out in an Annexe to these Terms and Conditions (Annexe Waiver).

- (2) *Permanent Global Note.* The Certificates 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 Fiscal Agent.
- (3) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Certificates have been satisfied. "**Clearing System**" means each of the following: Clearstream Banking AG, Frankfurt am Main ("**Clearstream Frankfurt**"), Clearstream Banking *société anonyme*, Luxembourg ("**Clearstream Luxembourg**"), Euroclear Bank S.A./N.V. ("**Euroclear**"), SIX SIS AG ("**SIS**") and Monte Titoli S.p.A. ("**Monte Titoli**") or any successor in this capacity. The Certificateholders have claims to co-ownership shares of the respective Global Note which may be transferred in accordance with the rules and regulations of the respective Clearing System.

§2 (Status)

The obligations under the Certificates constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

**§3
(Zinsen)**

Es erfolgen keine Zinszahlungen auf die Zertifikate.

**§4
(Rückzahlung)**

- (1) *Rückzahlung bei Endfälligkeit.* Die Zertifikate werden gemäß §4b zurückgezahlt.
- (2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Zertifikate werden auf Wunsch der Emittentin vollständig, nicht aber teilweise, jederzeit zu ihrem Vorzeitigen Rückzahlungsbetrag gemäß §5 durch Geldzahlung zurückgezahlt, nachdem die Emittentin die Gläubiger mindestens 30 Tage zuvor über die entsprechende Absicht unwiderruflich informiert hat, vorausgesetzt (i) die Emittentin ist zum nächstfolgenden Termin einer fälligen Zahlung bzw. Lieferung unter den Zertifikaten verpflichtet, bzw. wird dazu verpflichtet sein, infolge einer Änderung oder Ergänzung der Gesetze und Verordnungen der Schweiz, des Vereinigten Königreichs, von Jersey oder der Bundesrepublik Deutschland ("**Deutschland**") oder Italien oder einer jeweils zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde, oder Änderungen in der Anwendung oder offiziellen Auslegung solcher Gesetze und Verordnungen, sofern die entsprechende Änderung am oder nach dem Begebungstag wirksam wird, zusätzliche Beträge gemäß §6 zu zahlen, und (ii) eine solche Verpflichtung seitens der Emittentin nicht durch angemessene ihr zur Verfügung stehenden Maßnahmen vermieden werden kann (jedoch nicht durch Ersetzung der Emittentin gemäß §10). Vor Bekanntgabe einer Mitteilung über eine Rückzahlung gemäß diesen Bestimmungen hat die Emittentin der Hauptzahlstelle eine von einem Mitglied der Geschäftsführung der Emittentin unterzeichnete Bescheinigung zukommen zu lassen, derzufolge die Emittentin berechtigt ist, eine entsprechende Rückzahlung zu leisten, und in der nachvollziehbar dargelegt ist, dass die Bedingungen für das Recht der Emittentin zur Rückzahlung gemäß diesen Bestimmungen erfüllt sind; zusätzlich hat die Emittentin ein von

**§3
(Interest)**

There will not be any payments of interest on the Certificates.

**§4
(Redemption)**

- (1) *Final Redemption.* The Certificates shall be redeemed pursuant to §4b.
- (2) *Tax Call.* The Certificates 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 days' notice to the Certificateholders (which notice shall be irrevocable) by settlement in cash in accordance with §5 if; (i) on the occasion of the next payment or delivery due under the Certificates, the Issuer has or will become obliged to pay additional amounts as provided or referred to in §6 as a result of any change in, or amendment to, the laws or regulations of Switzerland, the United Kingdom, Jersey or the Federal Republic of Germany ("**Germany**") or Italy 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 (ii) 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 paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by an executive director 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 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.

unabhängigen Rechts- oder Steuerberatern erstelltes Gutachten vorzulegen demzufolge die Emittentin infolge einer entsprechenden Änderung oder Ergänzung zur Zahlung zusätzlicher Beträge verpflichtet ist oder sein wird.

- (3) *Vorzeitige Rückzahlung nach Wahl der Emittentin (automatische vorzeitige Rückzahlung).* Vorbehaltlich einer vorzeitigen Rückzahlung gemäß §4(2), bzw. §4(4), werden die Zertifikate vollständig, aber nicht teilweise, zu ihrem maßgeblichen Wahlrückzahlungsbetrag (wie nachstehend definiert) am maßgeblichen Automatischen Vorzeitigen Rückzahlungstag (wie nachstehend definiert) zurückgezahlt, wenn die Automatische Vorzeitige Rückzahlungsbedingung (wie nachstehend definiert) eingetreten ist, ohne dass es der Abgabe einer Kündigungserklärung durch die Emittentin bedarf (automatische vorzeitige Rückzahlung). Der Eintritt der vorbezeichneten Bedingungen für eine automatische vorzeitige Rückzahlung wird den Gläubigern nachträglich unverzüglich gemäß §12 mitgeteilt.

Wobei folgendes gilt:

Die "**Automatische Vorzeitige Rückzahlungsbedingung**" ist eingetreten, wenn im Hinblick auf den Beobachtungstag⁽ⁱ⁾ der offizielle Schlussstand sämtlicher Aktien **oberhalb des Basisstands** (wie nachstehend in §4a definiert) **notiert oder diesem entspricht**;

"**Beobachtungstag**" und der maßgebliche "**Automatische Vorzeitige Rückzahlungstag**" hinsichtlich des Beobachtungstages bezeichnet das jeweilige Datum, welches in der nachfolgenden Tabelle unter der Spalte "Beobachtungstag" bzw. "Automatischer Vorzeitiger Rückzahlungstag" angegeben ist.

Im Hinblick auf den Beobachtungstag gilt:

Falls dieser Tag kein Börsengeschäftstag ist, dann gilt der unmittelbar darauf folgende Börsengeschäftstag als maßgeblicher Beobachtungstag für die betroffene Aktie.

Falls dieser Tag ein Störungstag ist, wie von der Berechnungsstelle nach alleinigem und freiem Ermessen

- (3) *Issuer's Call (automatic early redemption).* Subject to an early redemption pursuant to §4(2) or §4(4), as the case may be, the Certificates shall be redeemed all, but not in part, on the relevant Automatic Early Redemption Date (as defined below) at their relevant Optional Redemption Amount (as defined below) if the Automatic Early Redemption Condition (as defined below) is met on any Observation Date (as defined below), without the requirement of an exercise notice by the Issuer (automatic early redemption). The occurrence of the afore-mentioned conditions relating to such automatic early redemption will be notified to the Certificateholders thereafter in accordance with §12.

Whereby:

The "**Automatic Early Redemption Condition**" is met if, in respect of the Observation Date⁽ⁱ⁾, the official closing level of all Shares is **equal to or above the Strike Level** (as defined in §4a below);

"**Observation Date**" and the relevant "**Automatic Early Redemption Date**" in respect of the Observation Date means each date specified under the column "Observation Date" or "Automatic Early Redemption Date", as the case may be, in the table below.

The following applies with respect to the Observation Date:

If this day is not an Exchange Business Day, the immediately following Exchange Business Day is deemed to be the relevant Observation Date in relation to the Share affected.

If this day is a Disrupted Day, as determined by the Calculation Agent in its sole and absolute discretion, the

festgestellt, dann gilt der unmittelbar darauf folgende Börsengeschäftstag, an dem kein Störungstag vorliegt, als Beobachtungstag für die betroffene Aktie, es sei denn, an jedem der fünf Börsengeschäftstage, die unmittelbar auf den ursprünglichen Tag folgen, liegt ein Störungstag vor. In letzterem Fall gelten die Bestimmungen des §4c(3)(a) und (b) für den Aktienbezogenen Bewertungstag entsprechend für den Beobachtungstag_(i).

immediately succeeding Exchange Business Day that is not a Disrupted Day is deemed to be the Observation Date in relation to the Share affected unless each of the five Exchange Business Days immediately following the original day is a Disrupted Day. In that case the provisions of §4c(3)(a) and (b) in relation to the Equity Valuation Date shall apply accordingly to the Observation Date_(i).

Beobachtungstag _(i)	Automatischer Vorzeitiger Rückzahlungstag
Beobachtungstag _(i=1) : 17.08.2012	5 Geschäftstage nach dem Beobachtungstag _(i=1)
Beobachtungstag _(i=2) : 18.02.2013	5 Geschäftstage nach dem Beobachtungstag _(i=2)
Beobachtungstag _(i=3) : 19.08.2013	5 Geschäftstage nach dem Beobachtungstag _(i=3)
Beobachtungstag _(i=4) : 17.02.2014	5 Geschäftstage nach dem Beobachtungstag _(i=4)

Observation Date _(i)	Automatic Early Redemption Date
Observation Date _(i=1) : 17.08.2012	5 Business Days after the Observation Date _(i=1)
Observation Date _(i=2) : 18.02.2013	5 Business Days after the Observation Date _(i=2)
Observation Date _(i=3) : 19.08.2013	5 Business Days after the Observation Date _(i=3)
Observation Date _(i=4) : 17.02.2014	5 Business Days after the Observation Date _(i=4)

(4) *Vorzeitige Kündigung bei Vorliegen einer Rechtsänderung, einer Hedging-Störung und/oder Gestiegenen Hedging-Kosten.* Die Emittentin kann die Zertifikate jederzeit vor dem Fälligkeitstag bei Vorliegen einer Rechtsänderung und/oder Hedging-Störung und/oder Gestiegenen Hedging-Kosten vorzeitig zurückzahlen. Die Emittentin wird die Zertifikate vollständig (aber nicht nur teilweise) am fünften Geschäftstag, nachdem die Benachrichtigung der vorzeitigen Rückzahlung gemäß § 12 veröffentlicht wurde, vorausgesetzt, dass dieser Tag nicht später als zwei Geschäftstage vor dem Fälligkeitstag liegt (der "**Vorzeitige Rückzahlungstag**"), zurückzahlen und wird den Vorzeitigen Rückzahlungsbetrag im Hinblick auf die Zertifikate mit Wertstellung dieses vorzeitigen Rückzahlungstags an die entsprechenden Gläubiger zahlen oder eine entsprechende Zahlung, im Einklang mit den maßgeblichen Steuergesetzen oder sonstigen gesetzlichen oder behördlichen

(4) *Early Redemption following the occurrence of a Change in Law, Hedging Disruption and/or Increased Cost of Hedging.* The Issuer may redeem the Certificates at any time prior to the Maturity Date following the occurrence of a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging. The Issuer will redeem the Certificates in whole (but not in part) on the fifth Business Day after the notice of early redemption in accordance with § 12 has been published and provided that such date does not fall later than two Business Days prior to the Maturity Date (the "**Early Redemption Date**") and will pay or cause to be paid the Early Redemption Amount in respect of such Certificates to the relevant Certificateholders for value such Early Redemption Date, subject to any applicable fiscal or other laws or regulations and subject to and in accordance with these Terms and Conditions and the applicable Final Terms.

Vorschriften und in Einklang mit und gemäß diesen Emissionsbedingungen und den Bestimmungen der maßgeblichen Endgültigen Bedingungen veranlassen.

Wobei:

"**Rechtsänderung**" bedeutet, dass (A) aufgrund des Inkrafttretens von Änderungen der Gesetze oder Verordnungen (einschließlich aber nicht beschränkt auf Steuergesetze) oder (B) der Änderung der Auslegung von gerichtlichen oder behördlichen Entscheidungen, die für die entsprechenden Gesetze oder Verordnungen relevant sind (einschließlich der Aussagen der Steuerbehörden), die Emittentin nach Treu und Glauben feststellt, dass (X) das Halten, der Erwerb oder die Veräußerung der/des auf die Zertifikate bezogenen Basiswerte(s) rechtswidrig geworden ist oder (Y) die Kosten, die mit den Verpflichtungen unter den Zertifikaten verbunden sind, wesentlich gestiegen sind (einschließlich aber nicht beschränkt auf Erhöhungen der Steuerverpflichtungen, der Senkung von steuerlichen Vorteilen oder anderen negativen Auswirkungen auf die steuerrechtliche Behandlung), falls solche Änderungen an oder nach dem Begebungstag wirksam werden;

"**Hedging-Störung**" bedeutet, dass die Emittentin nicht in der Lage ist unter Anwendung wirtschaftlich vernünftiger Bemühungen, (A) Transaktionen abzuschließen, fortzuführen oder abzuwickeln bzw. Vermögenswerte zu erwerben, auszutauschen, zu halten oder zu veräußern, welche die Emittentin zur Absicherung von Preisrisiken im Hinblick auf ihre Verpflichtungen aus den entsprechenden Zertifikaten für notwendig erachtet oder sie (B) nicht in der Lage ist, die Erlöse aus den Transaktionen bzw. Vermögenswerten zu realisieren, zurückzugewinnen oder weiterzuleiten; und

"**Gestiegene Hedging-Kosten**" bedeutet, dass die Emittentin im Vergleich zum Begebungstag einen wesentlich höheren Betrag an Steuern, Abgaben, Aufwendungen und Gebühren (außer Maklergebühren) entrichten muss, um (A) Transaktionen abzuschließen, fortzuführen oder

Whereby:

"**Change in Law**" means that, on or after the Issue Date of the Certificates (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 (X) it has become illegal to hold, acquire or dispose of the underlying security(y/ies) relating to the Certificates, or (Y) it will incur a materially increased cost in performing its obligations under the Certificates (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 transaction(s) or asset(s) it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and

"**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,

abzuwickeln bzw. Vermögenswerte zu erwerben, auszutauschen, zu halten oder zu veräußern, welche die Emittentin zur Absicherung von Preisrisiken im Hinblick auf ihre Verpflichtungen aus den entsprechenden Zertifikaten für notwendig erachtet oder (B) Erlöse aus den Transaktionen bzw. Vermögenswerten zu realisieren, zurückzugewinnen oder weiterzuleiten, unter der Voraussetzung, dass Beträge, die sich nur erhöht haben, weil die Kreditwürdigkeit der Emittentin zurückgegangen ist, nicht als Gestiegene Hedging-Kosten angesehen werden.

- (5) *Rückzahlungsbeträge.* In Bezug auf diesen §4 und §8 (Kündigungsgründe) gilt folgendes:

Der "**Rückzahlungsbetrag**" jedes Zertifikats ist der Aktienbezogene Rückzahlungsbetrag wie in §4a definiert.

Der "**Vorzeitige Rückzahlungsbetrag**" jedes Zertifikats ist ein Betrag, welcher dem Aktienbezogenen Rückzahlungsbetrag an einem von der Berechnungsstelle bestimmten Börsengeschäftstag entspricht.

Der "**Wahlrückzahlungsbetrag**" jedes Zertifikats ist:

- im Hinblick auf eine automatische vorzeitige Rückzahlung nach §4(3) und im Hinblick auf einen Beobachtungstag⁽⁹⁾ der Nennwert.

§4a (Definitionen)

"**Aktie(n)**" oder "**Basiswert(e)**" bedeutet die Aktie der LVMH Moët Hennessy Louis Vuitton S.A. (ISIN: FR0000121014, Bloomberg Code: MC FP), Coach Inc. (ISIN: US1897541041, Bloomberg Code; COH US), PPR SA (ISIN: FR0000121485, Bloomberg Code: PP FP), Ralph Lauren Corporation (ISIN: US7512121010, Bloomberg Code: RL US), bzw. Compagnie Financière Richemont SA, (ISIN: CH0045039655, Bloomberg Code: CFR VX).

unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), 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) *Redemption Amounts.* For the purposes of this §4 and §8 (Events of Default) the following applies:

The "**Final Redemption Amount**" in respect of each Certificate shall be its Equity Linked Redemption Amount as defined in §4a.

The "**Early Redemption Amount**" in respect of each Certificate shall be the Equity Linked Redemption Amount on an Exchange Business Day as determined by the Calculation Agent.

"**Optional Redemption Amount**" in respect of each Certificate shall be:

- in respect of an automatic early redemption pursuant to §4(3) and in respect of an Observation Date⁽⁹⁾ the Par Value.

§4a (Definitions)

"**Share(s)**" or "**Underlying Securit(y)ies**" means the share of LVMH Moët Hennessy Louis Vuitton S.A. (ISIN: FR0000121014, Bloomberg Code: MC FP), Coach Inc. (ISIN: US1897541041, Bloomberg Code; COH US), PPR SA (ISIN: FR0000121485, Bloomberg Code: PP FP), Ralph Lauren Corporation (ISIN: US7512121010, Bloomberg Code: RL US), or Compagnie Financière Richemont SA, (ISIN: CH0045039655, Bloomberg Code: CFR VX).

"**Aktienbezogener Bewertungstag**" ist der Halbjährliche-Beobachtungstag bzw. der Verfalltag.

Falls dieser Tag ein Störungstag ist, wie von der Berechnungsstelle nach alleinigem und freiem Ermessen festgestellt, dann gilt der unmittelbar darauf folgende Börsengeschäftstag, an dem kein Störungstag vorliegt, als Halbjährlicher-Beobachtungstag für die betroffene Aktie.

"**Aktienbezogener Bewertungszeitpunkt**" entspricht dem Zeitpunkt der offiziellen Bestimmung des Schlusstands in Bezug auf die entsprechende Aktie am Aktienbezogenen Bewertungstag an der entsprechenden Börse.

"**Aktienbezogener Rückzahlungsbetrag**" ist ein Betrag in EUR, der von der Berechnungsstelle am Aktienbezogenen Bewertungstag zum Aktienbezogenen Bewertungszeitpunkt entsprechend der folgenden Szenarien ermittelt wird:

Szenario 1: Wenn die Automatische Vorzeitige Rückzahlungsbedingung an **keinem** Beobachtungstag **eingetreten** ist und wenn der Endstand sämtlicher Aktien **oberhalb des Kick-In-Levels notiert oder diesem entspricht**, entspricht der Aktienbezogene Rückzahlungsbetrag je Zertifikat dem:

Nennwert x Mindestausübungszahl.

Szenario 2: Wenn die Automatische Vorzeitige Rückzahlungsbedingung an **keinem** Beobachtungstag **eingetreten ist** und wenn der Endstand mindestens einer Aktie **unterhalb des Kick-In-Levels notiert**, wird der Aktienbezogene Rückzahlungsbetrag pro Zertifikat in Übereinstimmung mit folgender Formel berechnet und festgelegt:

(Nennwert * [Aktie_{W, Final} / Aktie_{W, Initial}]) x Mindestausübungszahl

(was dem Produkt aus dem Nennwert und dem Ergebnis aus (i) "Aktie Final" geteilt durch "Aktie Initial" entspricht (wobei die Aktie in die Rechnung einbezogen wird, die die schlechteste Wertentwicklung hat) das Ergebnis multipliziert mit der Mindestausübungszahl)

Wobei:

"**Aktie_{W, Final}**" bezeichnet den Endstand der

"**Equity Valuation Date**" means the Semi-Annual Observation Date or Expiration Date, as the case may be.

If this day is a Disrupted Day, as determined by the Calculation Agent in its sole and absolute discretion, the immediately succeeding Exchange Business Day that is not a Disrupted Day is deemed to be the Semi-Annual Observation Date in relation to the Share affected.

"**Equity Valuation Time**" means the time of the official determination of the closing level of the respective Share on relevant Exchange.

"**Equity Linked Redemption Amount**" means an amount EUR, calculated by the Calculation Agent on the Equity Valuation Date at the Equity Valuation Time in accordance with the following scenarios:

Szenario 1: If the Automatic Early Redemption Condition **did not occur** on **any** Observation Date and if the Expiration Value of all Shares is **above or equal to the Kick-In Level**, the Equity Linked Redemption Amount per Certificate shall be the:

Par Value x Minimum Exercise Lot.

Szenario 2: If the Automatic Early Redemption Condition **did not occur** on **any** Observation Date and if the Expiration Value of at least one of the Shares is **below the Kick-In Level**, the Equity Linked Redemption Amount per Certificate shall be calculated and determined in accordance with the following formula:

(Par Value * [Share_{W, Final} / Share_{W, Initial}]) x Minimum Exercise Lot

(which corresponds to the product of the Par Value and the division of (i) "Share Final" by "Share Initial" (whereby for purposes of this calculation, the Share with the worst performance shall be used), the result multiplied by the Minimum Exercise Lot)

Whereas:

"**Share_{W, Final}**" means the Expiration Value of

Aktie mit der schlechtesten Wertentwicklung (wobei die jeweilige Wertentwicklung berechnet und festgelegt wird, indem der Endstand der jeweiligen Aktie durch den Referenzstand der jeweiligen Aktie geteilt wird); und

"**Aktiew_{W, Initial}**" bezeichnet den Referenzstand der Aktie mit der schlechtesten Wertentwicklung (wobei die jeweilige Wertentwicklung berechnet und festgelegt wird, indem der Endstand der jeweiligen Aktie durch den Referenzstand der jeweiligen Aktie geteilt wird).

"**Außerordentliches Ereignis**" ist eine Fusion, ein Übernahmeangebot, eine Verstaatlichung, eine Insolvenz oder ein Delisting.

"**Bewertungstag**" ist der Aktienbezogene Bewertungstag.

"**Bewertungszeitpunkt**" ist der Aktienbezogene Bewertungszeitpunkt.

"**Basisstand**" bedeutet in Bezug auf die jeweilige Aktie 100 % des jeweiligen Referenzstands.

"**Börse**" bedeutet jede Börse oder jedes Handelssystem, welche(s) als solche(s) für eine Aktie bestimmt worden ist, jeden Rechtsnachfolger einer solchen Börse oder eines solchen Handelssystems und jede Ersatzbörse oder jedes Ersatzhandelssystem, auf welche der Handel in dieser Aktie vorübergehend übertragen worden ist (vorausgesetzt, dass nach Feststellung der Berechnungsstelle an dieser Ersatzbörse oder an diesem Ersatzhandelssystem eine der ursprünglichen Börse vergleichbare Liquidität in diesen Aktien vorhanden ist).

"**Börsengeschäftstag**" bedeutet jeder planmäßige Handelstag, an dem die Börse und die Verbundene Börse für den Handel während ihrer üblichen Börsensitzungszeit geöffnet sind, auch wenn diese Börse oder Verbundene Börse vor ihrem planmäßigen Börsenschluss schließt.

"**Börsenstörung**" bedeutet ein Ereignis (außer der frühzeitigen Schließung), welches (i) die Fähigkeit der Marktteilnehmer stört oder beeinträchtigt (wie von der Berechnungsstelle bestimmt), an der Börse in den Aktien Geschäfte auszuführen oder den Marktwert dieser Aktien zu erhalten oder (ii) in auf die Aktien bezogenen Futures- oder Optionskontrakten an einer betreffenden maßgeblichen Verbundenen Börse Geschäfte

the Share with the worst performance (whereby the respective performance will be calculated and determined by dividing the Expiration Value of the respective Share by the Reference Level of the respective Share); and

"**Share_{W, Initial}**" means the Reference Level of the Share with the worst performance (whereby the respective performance will be calculated and determined by dividing the Expiration Value of the respective Share by the Reference Level of the respective Share).

"**Extraordinary Event**" means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be.

"**Valuation Date**" means the Equity Valuation Date.

"**Valuation Time**" means the Equity Valuation Time.

"**Strike Level**" means in relation to the relevant Share 100 per cent. of the relevant Reference Level.

"**Exchange**" means each exchange or quotation system specified as such hereon for a Share, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"**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 (i) to effect transactions in, or obtain market values for the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

auszuführen oder Marktwerte zu erhalten.

"**Coupon-Barriere**" bedeutet in Bezug auf die jeweilige Aktie einen Prozentsatz, der innerhalb einer Spanne von 62,00 und 67,00 % (indikativ) des jeweiligen Referenzstands liegt. Der endgültige Prozentsatz wird am Festlegungstag von der Berechnungsstelle festgelegt werden.

"**Delisting**" bedeutet eine Ankündigung der Börse, dass gemäß den Regeln dieser Börse die Aktien aus irgendeinem Grund (außer einer Fusion oder einem Übernahmeangebot) aufhören (oder aufhören werden), an dieser Börse zugelassen, gehandelt oder öffentlich notiert zu werden und diese nicht unverzüglich an einer Börse oder einem Handelssystem im selben Land dieser Börse (oder, sollte sich diese Börse innerhalb der Europäischen Union befinden, in einem Mitgliedstaat der Europäischen Union) wieder zugelassen, gehandelt oder öffentlich notiert werden.

"**Endstand**" bedeutet den offiziellen Schlussstand in Bezug auf die jeweilige Aktie am Aktienbezogenen Bewertungstag an der Euronext Paris in Bezug auf die Aktien der LVMH Moët Hennessy Louis Vuitton SA und PPR SA; New York Stock Exchange (NYSE) in Bezug auf die Aktien der Ralph Lauren Corporation und Coach Inc., und SIX Swiss Exchange in Bezug auf die Aktien der Compagnie Financière Richemont SA.

"**Emittent der Aktien**" bezeichnet die Emittentin der betreffenden Aktien.

"**Festlegungstag**" bezeichnet den 17. Februar 2012. Bei einer Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Festlegungstag entsprechend verschieben.

Falls dieser Tag ein Störungstag ist, wie von der Berechnungsstelle nach alleinigem und freiem Ermessen festgestellt, dann gilt der unmittelbar darauf folgende Börsengeschäftstag, an dem kein Störungstag vorliegt, als Festlegungstag für die betroffene Aktie.

"**Frühzeitige Schließung**" bedeutet an einem Börsengeschäftstag die Schließung der betreffenden Börse oder der Verbundenen Börse vor dem Planmäßigen Börsenschluss, es sei denn, diese Schließung ist von dieser Börse oder maßgeblichen Verbundenen Börse eine Stunde vor (i) der tatsächlichen Schlusszeit der planmäßigen Börsensitzung an dieser Börse oder maßgeblichen Verbundenen Börse an diesem Börsengeschäftstag, oder, falls dieser Zeitpunkt früher liegt, (ii) dem Annahmeschluss

"**Coupon Barrier Level**" means in relation to the relevant Share a percentage in the range of 62.00 and 67.00 per cent (indicative) of the relevant Reference Level. The percentage will finally be determined by the Calculation Agent on the Fixing Date.

"**Delisting**" means that the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any Member State of the European Union).

"**Expiration Value**" means the official closing level of the relevant Share on the Equity Linked Valuation Date on Euronext Paris in relation to the shares of LVMH Moët Hennessy Louis Vuitton SA and PPR SA; New York Stock Exchange (NYSE) in relation to the shares of Ralph Lauren Corporation and Coach Inc., and SIX Swiss Exchange in relation to the shares of Compagnie Financière Richemont SA.

"**Share Issuer**" means the issuer of the relevant Shares.

"**Fixing Date**" means 17. February 2012. In case of abbreviation or extension of the Subscription Period, the Fixing Date may be changed accordingly.

If this day is a Disrupted Day, as determined by the Calculation Agent in its sole and absolute discretion, the immediately succeeding Exchange Business Day that is not a Disrupted Day is deemed to be the Fixing Date in relation to the Share affected.

"**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 (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered

zur Übermittlung von Aufträgen in die Handelssysteme der Börse oder maßgeblichen Verbundenen Börse zur Ausführung zum Bewertungszeitpunkt an diesem Börsengeschäftstag angekündigt worden.

"**Fusion**" ist im Hinblick auf die Aktien jede (i) Umklassifizierung oder Änderung dieser Aktien, die eine Übertragung oder eine unwiderrufliche Übertragungsverpflichtung aller dieser im Umlauf befindlichen Aktien zur Folge hat, (ii) die Konsolidierung, der Zusammenschluss, die Fusion oder der verbindliche Aktientausch des Emittenten der Aktien mit einem anderen Unternehmen oder in ein anderes Unternehmen (es sei denn der Emittent ist das fortbestehende Unternehmen und die Fusion hat die Umklassifizierung oder den Austausch von keiner der im Umlauf befindlichen Aktien zur Folge) oder (iii) ein anderes Übernahmeangebot, ein Tauschangebot, die Bewerbung, der Vorschlag oder ein anderes Ereignis einer Einheit oder Person, das darauf abzielt, 100 % der im Umlauf befindlichen Aktien des Emittenten der Aktien zu erhalten und das für diese Aktien die Übertragung oder eine unwiderrufliche Übertragungsverpflichtung zur Folge hat (es sei denn, die Aktien gehören dieser Einheit oder Person oder werden von dieser kontrolliert), oder (iv) die Konsolidierung, der Zusammenschluss, die Fusion oder der verbindliche Aktientausch des Emittenten der Aktien mit einem anderen Unternehmen oder in ein anderes Unternehmen, wobei der Emittent der Aktien das fortbestehende Unternehmen bleibt und die Fusion weder die Umklassifizierung noch den Austausch der im Umlauf befindlichen Aktien zur Folge hat, wobei aber als Folge dieses Ereignisses die unmittelbar davor im Umlauf befindlichen Aktien unmittelbar danach insgesamt weniger als 50 % der im Umlauf befindlichen Aktien darstellen; dabei muss in jedem der genannten Fälle der Fusionstag am oder vor dem Aktienbezogenen Bewertungstag liegen.

"**Fusionstag**" ist der Abschlusstag einer Fusion oder, sollte ein Abschlusstag unter dem auf die Fusion anwendbaren örtlichen Recht nicht feststellbar sein, der durch die Berechnungsstelle bestimmte Tag.

"**Handelsaussetzung**" bedeutet jede von der maßgeblichen Börse oder Verbundenen Börse verhängte oder anderweitig verfügte Aussetzung oder Begrenzung des Handels, sei es wegen der Begrenzung der maßgeblichen Börse oder Verbundenen Börse überschreitender Kursausschläge oder wegen sonstiger Gründe, (i) in den Aktien an der Börse

into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**Merger Event**" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Equity Valuation Date.

"**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"**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 (i) relating to the Share on the Exchange or (ii) in futures or options

oder (ii) in auf die Aktie bezogenen Futures- oder Optionskontrakten an jeder maßgeblichen Verbundenen Börse.

"Insolvenz" bedeutet, dass aufgrund freiwilliger oder unfreiwilliger Liquidation, Konkurs, Insolvenz, Auflösung oder Abwicklung oder eines entsprechenden Verfahrens, das den Emittenten der Aktien betrifft, (A) sämtliche Aktien dieses Emittenten auf einen Treuhänder, Liquidator oder eine vergleichbare Person zu übertragen sind, oder (B) den Inhabern der Aktien dieses Emittenten die Übertragung von Gesetzes wegen verboten wird.

"Marktstörung" bedeutet das Entstehen oder Bestehen (i) einer Handelsaussetzung, (ii) einer Börsenstörung, soweit diese in beiden Fällen von der Berechnungsstelle als erheblich eingestuft werden, innerhalb der letzten Stunde vor dem maßgeblichen Bewertungszeitpunkt, oder (iii) eine Frühzeitige Schließung.

"Planmäßiger Börsenschluss" bedeutet bezüglich einer Börse oder einer maßgeblichen Verbundenen Börse und bezüglich jedem Tag, an dem diese Börse oder verbundene Börse planmäßig zum Handel in der jeweiligen regulären Börsensitzung geöffnet ist die planmäßige Schlusszeit dieser Börse oder maßgeblichen Verbundenen Börse an Wochentagen an solch einem Börsenhandelstag, ohne Berücksichtigung von Überstunden oder einem Handel außerhalb der regulären Börsensitzungszeiten.

"Planmäßiger Handelstag" bedeutet im Hinblick auf eine Aktie jedes Tags, an dem die Börse oder Verbundene Börse planmäßig zum Handel in der jeweiligen regulären Börsensitzung für diesen Wert geöffnet sind.

"Kick-In-Level" bedeutet einen Wert, der in Bezug auf die jeweilige Aktie innerhalb einer Spanne von 62,00 und 67,00 % (indikativ) des jeweiligen Referenzstands liegt und am Festlegungstag endgültig festgelegt und am oder um den Geschäftstag nach dem Festlegungstag gemäß §12 bekannt gegeben wird.

"Referenzstand" bedeutet den offiziellen Schlusstand der entsprechenden Aktie am Festlegungstag.

"Störungstag" bedeutet einen planmäßigen Handelstag, an dem eine betreffende Börse oder eine Verbundene Börse während ihrer

contracts relating to the Share on any relevant Related Exchange.

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Share Issuer, (A) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Issuer become legally prohibited from transferring them.

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

"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 Share any day on which each Exchange and each Related Exchange specified herein are scheduled to be open for trading for their respective regular trading sessions.

"Kick-In Level" means a value which shall be in the range of 62.00 per cent. and 67.00 per cent. (indicative) of the Reference Level in relation to the relevant Share and which will be finally determined on the Fixing Date and will be published on or around the Business Day subsequent to the Fixing Date in accordance with §12.

"Reference Level" means the official closing level of the relevant Share on the Fixing Date.

"Disrupted Day" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading

üblichen Geschäftszeiten nicht geöffnet hat oder eine Marktstörung eingetreten ist.

"**Übernahmeangebot**" bezeichnet ein Übernahmeangebot, ein Tauschangebot, die Bewerbung, den Vorschlag oder ein anderes Ereignis einer juristischen oder natürlichen Person, das zur Folge hat, dass diese Einheit oder Person durch Umwandlung oder auf sonstige Weise nach Feststellung der Berechnungsstelle mehr als 10 % und weniger als 100 % der im Umlauf befindlichen stimmberechtigten Aktien des Emittenten der Aktien, wie jeweils durch die Berechnungsstelle anhand von Einreichungen bei staatlichen oder selbstregulierten Stellen oder sonstiger von der Berechnungsstelle für maßgeblich eingestuften Informationen bestimmt, kauft oder auf andere Weise erhält oder das Recht auf deren Übertragung erhält.

"**Verbundene Börse**" bedeutet jede Börse oder jedes Handelssystem (wie von der Berechnungsstelle bestimmt), an der oder dem der Handel eine erhebliche Auswirkung auf den Gesamtmarkt in auf diese Aktie bezogenen Futures- oder Optionskontrakte hat (wie von der Berechnungsstelle bestimmt) oder, in jedem dieser Fälle, ein Übernehmer oder Rechtsnachfolger einer solchen Börse oder eines solchen Handelssystems.

"**Verfalltag**" ist der 17. Februar 2014.

Der "**Zusatzbetrag**_(i=1)" in Bezug auf den Halbjährlichen-Beobachtungstag_(i=1) entspricht 4,00 % bezogen auf den Nennwert,

der "**Zusatzbetrag**_(i=2)" in Bezug auf den Halbjährlichen-Beobachtungstag_(i=2) entspricht 4,00 % bezogen auf den Nennwert,

der "**Zusatzbetrag**_(i=3)" in Bezug auf den Halbjährlichen-Beobachtungstag_(i=3) entspricht 4,00 % bezogen auf den Nennwert, und

der "**Zusatzbetrag**_(i=4)" in Bezug auf den Halbjährlichen-Beobachtungstag_(i=4) entspricht 4,00 % bezogen auf den Nennwert.

Die „**Zusatzbetragsbedingung**“ ist eingetreten, sofern am jeweiligen Halbjährlichen-Beobachtungstag_(i) der **Endstand sämtlicher Aktien oberhalb der Coupon-Barriere notiert oder dieser entspricht**.

Zur Klarstellung: Sofern an einem der Halbjährlichen-Beobachtungstage_(i=1) bis _(i=4) der Endstand mindestens einer Aktie **unterhalb der Coupon-Barriere** notiert, wird für diesen Halbjährlichen-Beobachtungstag_(i) der

during its regular trading session or on which a Market Disruption Event has occurred.

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"**Related Exchange(s)**" each exchange or quotation system (as the Calculation Agent may select) where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to a Share or, in any such case, any transferee or successor exchange of such exchange or quotation system.

"**Expiration Date**" means 17 February 2014.

The "**Additional Amount**_(i=1)" in relation to the Semi-Annual Observation Date_(i=1) equals 4.00 per cent per Par Value,

the "**Additional Amount**_(i=2)" in relation to the Semi-Annual Observation Date_(i=2) equals 4.00 per cent. per Par Value,

the "**Additional Amount**_(i=3)" in relation to the Semi-Annual Observation Date_(i=3) equals 4.00 per cent. per Par Value, and

the "**Additional Amount**_(i=4)" in relation to the Semi-Annual Observation Date_(i=4) equals 4.00 per cent. per Par Value.

The "**Additional Amount Condition**" is met if on the relevant Semi-Annual Observation Dates_(i) the **Expiration Value of all Shares is at or above the Coupon Barrier Level**.

For the avoidance of doubt: If on the relevant Semi-Annual Observation Dates_(i=1) to _(i=4) the Expiration Value of at least one Share **is below the Coupon Barrier Level**, the relevant Additional Amount_(i) in relation to this

entsprechende Zusatzbetrag_(i) nicht gezahlt.

Der „**Zusatzbetrags-Zahltag**“ und der „**Zusatzbetrags-Festlegungstag**“ hinsichtlich des Halbjährlichen-Beobachtungstags bezeichnet das jeweilige Datum, welches in der nachfolgenden Tabelle unter der Spalte „**Zusatzbetrags-Zahltag**“ bzw. „**Zusatzbetrags-Festlegungstag**“ angegeben ist.

Halbjährlicher-Beobachtungstag	Zusatzbetrags-Festlegungstag	Zusatzbetrags-Zahltag
Halbjährlicher-Beobachtungstag _(i=1) : 17.08.2012	17.08.2012	24.08.2012
Halbjährlicher-Beobachtungstag _(i=2) : 18.02.2013	18.02.2013	25.02.2013
Halbjährlicher-Beobachtungstag _(i=3) : 19.08.2013	19.08.2013	26.08.2013
Halbjährlicher-Beobachtungstag _(i=4) : 17.02.2014	17.02.2014	24.02.2014

Semi-Annual Observation Date_(i) will not be paid.

„**Additional Amount Payment Date**“ and the „**Additional Amount Determination Date**“ in respect of the Semi-Annual Observation Date means each date specified under the column „**Additional Amount Payment Date**“ or „**Additional Amount Determination Date**“, as the case may be, in the table below.

Semi-Annual Observation Date	Additional Amount Determination Date	Additional Amount Payment Date
Semi-Annual Observation Date _(i=1) : 17.08.2012	17.08.2012	24.08.2012
Semi-Annual Observation Date _(i=2) : 18.02.2013	18.02.2013	25.02.2013
Semi-Annual Observation Date _(i=3) : 19.08.2013	19.08.2013	26.08.2013
Semi-Annual Observation Date _(i=4) : 17.02.2014	17.02.2014	24.02.2014

§4b
(Rückzahlung. Außerordentliches Ereignis)

- (1) Die Zertifikate werden am 24. Februar 2014 (der "**Fälligkeitstag**") zum Aktienbezogenen Rückzahlungsbetrag zurückgezahlt, wie er von der Berechnungsstelle unter Beachtung dieser Emissionsbedingungen ermittelt und den Gläubigern gemäß §12 unverzüglich nach der Feststellung bekanntgegeben worden ist.
- (2) *Außerordentliches Ereignis.* Im Fall eines Außerordentlichen Ereignisses kann die Emittentin alle oder nur einige der ausstehenden Zertifikate zu ihrem Vorzeitigen Rückzahlungsbetrag zusammen, falls zutreffend, mit bis (ausschließlich) zum Tag der Rückzahlung aufgelaufenen Zinsen zurückzahlen, wenn die Emittentin die Gläubiger spätestens 5 Geschäftstage vorher gemäß §12 darüber unterrichtet hat, und spätestens 7 Geschäftstage vor dieser Unterrichtung der Hauptzahlstelle eine Mitteilung übersandt hat (es sei denn, die Hauptzahlstelle handelt als Berechnungsstelle).

Wenn nach dem Auftreten eines Außerordentlichen Ereignisses die Berechnungsstelle festlegt, dass eine der Aktien gegen eine neue Aktie zu ersetzen ist, handelt sie bei dieser Anpassung im guten Glauben und versichert, dass

- (i) die austauschende Aktie ("**Ersetzende Aktie**") in einem größeren regulierten Markt innerhalb des selben Wirtschaftsraumes der Börse der ausgetauschten Aktie registriert ist,
- (ii) die Ersetzende Aktie die Zulassungsbedingungen, welche auf die zugrundeliegenden Wertpapiere der Anleihen anwendbar sind, wie von der relevanten Börse erfordert, erfüllt,
- (iii) das Hauptbetätigungsfeld, welches von der Emittentin der Ersetzenden Aktie ausgeführt wird, in den gleichen wirtschaftlichen Sektor fällt, welcher von der ersetzten Aktie ausgeführt wird.

Außerdem wird die Berechnungsstelle die angemessenen Anpassungen an den

§4b
(Redemption. Extraordinary Event)

- (1) The Certificates shall be redeemed on 24 February 2014 (the "**Maturity Date**") at the Equity Linked Redemption Amount as determined by the Calculation Agent in accordance with the provisions hereof and as notified to the Certificateholders in accordance with §12 by the Calculation Agent immediately after being determined.
- (2) *Extraordinary Event.* In the event of an Extraordinary Event the Issuer may redeem all, or some only, of the Certificates then outstanding at the Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date of redemption upon the Issuer having given not less than 5 Business Days' notice to the Certificateholders in accordance with §12; and not less than 7 Business Days before the giving of such notice, notice to the Fiscal Agent (unless the Fiscal Agent acts as Calculation Agent).

If upon occurrence of an Extraordinary Event, the Calculation Agent determines that one of the Shares is to be substituted by a new share, in making such adjustment the Calculation Agent will act in good faith and ensure that:

- (i) the replacing share ("**Substitute Share**") is listed in a major regulated market among the same economic area of the Exchange of the replaced Share,
- (ii) the Substitute Share meets the listing requirements applicable to the underlying securities of the Bonds, as required by the relevant Exchange,
- (iii) the main business activity carried out by the issuer of the Substitute Share falls within the same economic sector of that carried by the replaced Share.

Furthermore, the Calculation Agent will make the appropriate adjustments to the

Basisstand der ersetzenden Aktie im guten Glauben und im Hinblick darauf vornehmen, die Kontinuität der wirtschaftlichen Bedingungen der Zertifikate zu bewahren.

§4c

(Anpassung durch die Berechnungsstelle. Korrekturen. Störungstage.)

- (1) *Anpassungsereignis.* Im Fall eines Anpassungsereignisses wird die Berechnungsstelle feststellen, ob dieses Anpassungsereignis eine verwässernde oder werterhöhende Wirkung auf den theoretischen Wert der Aktien hat; stellt die Berechnungsstelle eine solche verwässernde oder werterhöhende Wirkung fest, wird sie
- (a) gegebenenfalls die entsprechende Anpassung des Aktienbezogenen Rückzahlungsbetrags und/oder der Anzahl der Referenzwerte und/oder einer jeglichen sonstigen Berechnungsgröße vornehmen, die nach Ansicht der Berechnungsstelle geeignet ist, dieser verwässernden oder werterhöhenden Wirkung Rechnung zu tragen (wobei keine Anpassungen vorgenommen werden, die lediglich Veränderungen der Volatilität, erwarteten Dividendenausschüttungen, des Wertpapierleihsatzes oder der Liquidität in den Aktien Rechnung tragen sollen); und
- (b) die Tage bzw. den Tag des Wirksamwerdens der entsprechenden Anpassung(en) festlegen. In einem solchen Fall gelten die entsprechenden Anpassungen als per diesem Tag/diesen Tagen vorgenommen. Die Berechnungsstelle kann (muss jedoch nicht) die entsprechenden Anpassungen unter Verweisung auf diejenigen Anpassungen bezüglich eines einschlägigen Anpassungsereignisses festlegen, die an einer Optionsbörse vorgenommen werden.

Nach Vornahme einer solchen Anpassung wird die Berechnungsstelle die Gläubiger hiervon sobald als praktikabel gemäß §12, unter Angabe der vorgenommenen Anpassung sowie

reference level of the Substitute Share in good faith and with a view to preserving the continuity of the economic terms of the Certificates.

§4c

(Calculation Agent Adjustment. Corrections. Disrupted Days.)

- (1) *Potential Adjustment Event.* In the event of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will:
- (a) make the corresponding adjustment(s), if any, to any one or more of the Equity Linked Redemption Amount and/or the Reference Asset Amount and/or any of the other relevant terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share); and
- (b) determine the effective date(s) of the adjustment(s). In such case, such adjustments shall be deemed to be so made from such date(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by any Options Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with §12, stating the adjustment to the

einiger weniger Details hinsichtlich des Anpassungsereignisses unterrichten.

Die Berechnungsstelle kann insbesondere zusätzlich zu oder an Stelle einer Veränderung irgendwelcher Bedingungen gemäß den oben dargestellten Bestimmungen an die Gläubiger der betreffenden ausstehenden Zertifikate zusätzliche Zertifikate ausgeben oder einen Geldbetrag ausschütten. Eine solche Ausgabe zusätzlicher Zertifikate kann auf der Basis "Zahlung gegen Lieferung" oder "Lieferung frei von Zahlung" erfolgen.

"Anpassungsereignis" ist jedes der folgenden Ereignisse:

- (a) eine Aufteilung, Konsolidierung oder Neueinstufung der Aktien (Fusionen ausgenommen) oder eine Ausschüttung oder Dividende der Aktien an bestehende Aktionäre in Form einer Sonderdividende, Ausgabe von Gratisaktien oder ein ähnliches Ereignis;
- (b) eine Ausschüttung oder Dividende an bestehende Inhaber der Aktien bestehend aus (A) neuen Aktien oder (B) sonstigem Aktienkapital oder Wertpapieren, die das Recht auf Erhalt von Dividenden und/oder Liquidationserlösen vom Emittenten des betreffenden Aktienkapitals bzw. der Wertpapiere zu gleichen Teilen oder anteilig im Verhältnis zu den betreffenden Zahlungen an Inhaber der entsprechenden Aktien gewähren, (C) Aktienkapital oder anderen Wertpapieren, die der Emittent der Aktien aus einer Abspaltung oder einer ähnlichen Transaktion erhalten hat oder hält (unmittelbar oder mittelbar) oder (D) einer anderen Art von Wertpapieren, Rechten oder Berechtigungsscheinen oder anderen Vermögensgegenständen, gegen Zahlung (bar oder auf andere Weise) von weniger als dem maßgeblichen Kurswert wie von der

Equity Linked Redemption Amount and/or the Reference Asset Amount and/or any of the other relevant terms and giving brief details of the Potential Adjustment Event.

For the avoidance of doubt, in addition to or instead of varying any terms in accordance with the above provisions, the Calculation Agent may distribute to the holders of the outstanding relevant Certificates additional Certificates and/or a cash amount. Such distribution of additional Certificates may be made on a "free" or "delivery versus payment" basis.

"Potential Adjustment Event" means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

Berechnungsstelle festgestellt;

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| <p>(c) eine Außerordentliche Dividende;</p> <p>(d) eine Einzahlungsaufforderung vom Emittenten im Hinblick auf die Aktien, die noch nicht voll eingezahlt sind;</p> <p>(e) ein Rückkauf durch den Emittenten der Aktien oder einem seiner Tochterunternehmen, sei es aus dem Gewinn oder dem Kapital, und gleich, ob die Gegenleistung im Rahmen eines solchen Rückkaufs in bar, in Form von Wertpapieren oder anderweitig gezahlt wird;</p> <p>(f) jedes Ereignis, das im Hinblick auf den Emittenten der Aktien eine Ausschüttung oder Trennung von Aktionärsrechten vom gezeichneten Kapital oder anderen Anteilen am Kapital des Emittenten bedeutet, und das einem gezielt gegen feindliche Übernahmen ausgearbeiteten Plan oder Arrangement folgt, der bei Eintritt bestimmter Ereignisse die Ausschüttung von Vorzugskapital, Optionsscheinen, Schuldverschreibungen oder Vermögensrechten zu einem unterhalb des Marktniveaus liegenden Preis vorsieht, wie von der Berechnungsstelle festgestellt, vorausgesetzt, dass jede wegen eines solchen Ereignisses vorgenommene Anpassung nach Tilgung dieser Rechte wieder zurückzunehmen ist; oder</p> <p>(g) jedes sonstige ähnliche Ereignis, das sich mindernd oder konzentrierend auf den theoretischen Wert der Aktien auswirken kann.</p> | <p>(c) an Extraordinary Dividend;</p> <p>(d) a call by the Share Issuer in respect of relevant Shares that are not fully paid;</p> <p>(e) a repurchase by the Share Issuer or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;</p> <p>(f) in respect of the Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or</p> <p>(g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.</p> |
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- (2) *Korrekturen.* Sollte ein an der Börse veröffentlichter Kurs oder Stand, der für irgendeine Berechnung oder Feststellung in Bezug auf die Zertifikate verwandt worden ist, nachträglich korrigiert werden und wird diese Korrektur durch die Börse vor dem Fälligkeitstag veröffentlicht, so wird die Berechnungsstelle den aufgrund dieser Korrektur zahlbaren oder lieferbaren Betrag bestimmen und, falls erforderlich, die Bedingungen der Transaktion zur
- (2) *Corrections.* In the event that any price or level published on the Exchange and which is utilised for any calculation or determination made in relation to the Certificates is subsequently corrected and the correction is published by the Exchange before the Maturity Date, 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

Berücksichtigung dieser Korrektur anpassen und die Gläubiger gemäß §12 entsprechend unterrichten.

- (3) *Störungstage.* Wenn die Berechnungsstelle nach alleinigem und freiem Ermessen feststellt, dass ein Aktienbezogener Bewertungstag ein Störungstag ist, dann ist der Aktienbezogene Bewertungstag der nächstfolgende Börsengeschäftstag, an dem die Berechnungsstelle feststellt, dass kein Störungstag vorliegt, es sei denn, die Berechnungsstelle stellt fest, dass an jedem der fünf Börsengeschäftstage, die unmittelbar auf den ursprünglichen Tag folgen, ein Störungstag vorliegt. Im letzteren Falle und zur Bestimmung des Aktienbezogenen Rückzahlungsbetrags:
- (a) gilt der entsprechende fünfte Börsengeschäftstag als Aktienbezogener Bewertungstag, ungeachtet der Tatsache, dass dieser Tag ein Störungstag ist; und
- (b) bestimmt die Berechnungsstelle ihre nach Treu und Glauben erfolgte Schätzung des Werts der Aktien zum Aktienbezogenen Bewertungszeitpunkt an diesem fünften Börsengeschäftstag.

§5 (Zahlungen)

- (1) *Zahlungen auf Kapital.* Zahlungen von Kapital auf die Zertifikate erfolgen nach Maßgabe der anwendbaren steuerlichen und sonstigen Gesetze und Vorschriften in der festgelegten Währung an das Clearing System oder die maßgebliche Verwahrungsstelle oder dessen/deren Order zur Gutschrift auf den Konten der betreffenden Kontoinhaber bei dem Clearing System oder der maßgeblichen Verwahrungsstelle gegen Vorlage und Einreichung der Globalurkunde bei der bezeichneten Geschäftsstelle einer der Zahlstellen außerhalb der Vereinigten Staaten.
- (2) *Geschäftstag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf ein Zertifikat auf einen Tag, der kein Geschäftstag ist, hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag am jeweiligen Ort und ist nicht berechtigt, Zinsen oder sonstige

for such correction and will notify the Certificateholders accordingly pursuant to §12.

- (3) *Disrupted Days.* If the Calculation Agent in its sole and absolute discretion determines that any Equity Valuation Date is a Disrupted Day, then the Equity 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 Exchange Business Days immediately following the original date is a Disrupted Day. In that case and for the purpose of determining the Equity Linked Redemption Amount:
- (a) that fifth Exchange Business Day shall be deemed to be the Equity 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 Shares as of the Equity Valuation Time on that fifth Exchange Business Day.

§5 (Payments)

- (1) *Payment of Principal.* Payment of principal in respect of Certificates shall be made, subject to applicable fiscal and other laws and regulations, in the Currency and to the Clearing System or the relevant Intermediary or to its order for credit to the accounts of the relevant account holders of the Clearing System or the relevant Intermediary upon presentation and surrender of the Global Notes at the specified office of any Paying Agent outside the United States.
- (2) *Business Day.* If the date for payment of any amount in respect of any Certificates is not a Business Day then the Certificateholder shall not be entitled to payment until the next Business Day in the relevant place and shall not be entitled to interest or other

Zahlungen aufgrund dieser Verspätung zu verlangen.

"**Geschäftstag**" ist jeder Tag (außer einem Samstag und einem Sonntag) an dem (a) die Banken in London und Mailand für Geschäfte (einschließlich Devisenhandelsgeschäfte und Fremdwährungseinlagengeschäfte) geöffnet sind und (b) alle für die Abwicklung von Zahlungen in Euro wesentlichen Teile des Trans-European Automated Real-Time Gross Settlement Express Transfer Systems 2 ("**TARGET**") in Betrieb sind.

- (3) *Vereinigte Staaten.* "**Vereinigte Staaten**" sind die Vereinigten Staaten von Amerika, einschließlich deren Bundesstaaten und des Districts of Columbia und deren Besitztümer (einschließlich Puerto Rico, die U.S. Virgin Islands, Guam, American Samoa, Wake Island und die Northern Mariana Islands).
- (4) *Erfüllung.* Die Emittentin wird durch Zahlung an oder an die Order des Clearing Systems oder der maßgeblichen Verwahrungsstelle von ihren Zahlungsverpflichtungen befreit.
- (5) *Bezugnahmen auf Kapital.* Bezugnahmen in diesen Emissionsbedingungen auf "Kapital" schließen, soweit anwendbar, den Rückzahlungsbetrag, den Vorzeitigen Rückzahlungsbetrag sowie jeden Aufschlag sowie sonstige auf oder in Bezug auf die Zertifikate zahlbaren Beträge ein.

§6 (Besteuerung)

- (1) Sämtliche Beträge, die aufgrund der Emissionsbedingungen durch die Emittentin zahlbar sind, werden an der Quelle ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern, Abgaben, Umlagen oder anderen behördlichen Abgaben irgendwelcher Art ("**Steuern**"), die durch oder für eine Relevante Jurisdiktion (wie nachstehend definiert) auferlegt wurden oder einer Behörde dieser, die die Zuständigkeit zur Auferlegung von Steuern hat, geleistet, es sei denn ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben ist.
- (2) Falls die Emittentin verpflichtet ist, Steuern einzubehalten oder abzuziehen,

payment in respect of such delay.

"**Business Day**" means a day on which (other than Saturday and Sunday) (a) banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and Milan and (b) all relevant parts of the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 ("**TARGET**") are operating to effect payments in Euro.

- (3) *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).
- (4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System or the relevant Intermediary.
- (5) *References to Principal.* References to "principal" shall be deemed to include, as applicable the Final Redemption Amount of the Certificates; the Early Redemption Amount of the Certificates; and any premium and any other amounts which may be payable under or in respect of the Certificates.

§6 (Taxation)

- (1) All sums payable by or on behalf of the Issuer pursuant to the Terms and Conditions of the Certificates will be made without withholding or deduction for, 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.
- (2) If the Issuer is required to withhold or deduct or withhold any Taxes then the

so wird die Emittentin solche zusätzlichen Beträge zahlen, die dazu führen, dass der Gläubiger die Beträge erhält, die er erhalten hätte, wenn die Emittentin nicht zum Einbehalt oder Abzug dieser Steuern verpflichtet gewesen wäre ("**Zusätzliche Beträge**").

- (3) Die Emittentin ist nicht verpflichtet Zusätzliche Beträge in Übereinstimmung mit §6(2) hinsichtlich der Schuldverschreibungen die zur Zahlung vorgelegt werden, zu zahlen,
- (i) soweit die deutsche Kapitalertragsteuer (einschließlich Abgeltungsteuer) und der darauf erhobene Solidaritätszuschlag sowie ggf. Kirchensteuer, die nach dem deutschen Einkommensteuergesetz, welches durch das Unternehmensteuerreformgesetz 2008 geändert wurde, abgezogen oder einbehalten werden, oder jede andere Steuer, welche die deutsche Kapitalertragsteuer (einschließlich Abgeltungsteuer) oder den Solidaritätszuschlag darauf oder die Kirchensteuer ersetzen sollte betroffen ist; oder
- (ii) von oder für einen Gläubiger, der für solchen Steuern auf die Schuldverschreibungen aufgrund einer anderen Verbindung zu der Relevanten Jurisdiktion als dem reinen Eigentum oder dem Besitz der Schuldverschreibung oder den Erhalt von Kapital oder Zinsen hinsichtlich der Schuldverschreibungen unterliegt; oder
- (iii) falls der Einbehalt oder Abzug in Beziehung steht zu (i) einer Richtlinie oder Verordnung der Europäischen Union bezüglich der Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die der Umsetzung dieser Richtlinie, Verordnung oder Vereinbarung dient, dieser entspricht oder zur Anpassung an
- Issuer will pay such additional amounts as will result in the holders of the Certificates receiving the amounts they would have received if no withholding or deduction of Taxes had been required ("**Additional Amounts**").
- (3) The Issuer will not be required to pay any Additional Amounts pursuant to §6(2) in relation to a Certificate which is presented for payment,
- (i) as far as the German withholding tax (Kapitalertragsteuer) (including Abgeltungsteuer) plus solidarity surcharge (Solidaritätszuschlag) imposed thereon and church tax (Kirchensteuer), if any, to be deducted or withheld pursuant to the German Income Tax Act as amended by the Corporate Tax Reform Act 2008 (Unternehmensteuerreformgesetz 2008) or any other tax which may substitute the German withholding tax (Kapitalertragsteuer) (including Abgeltungsteuer) or the German solidarity surcharge (Solidaritätszuschlag) or the church tax (Kirchensteuer), as the case may be, is concerned; or
- (ii) by or on behalf of a Certificateholder who is liable to such Taxes on the Certificates as a result of having some connection with the Relevant Jurisdiction other than its mere ownership or possession of the Certificate or the receipt of principal or interest in respect thereof; or
- (iii) 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 and to which Germany 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

diese Richtlinie, Verordnung oder Vereinbarung eingeführt wurde, oder

- (iv) von oder für einen Gläubiger, der in der Lage gewesen wäre, einen solchen Einbehalt oder Abzug durch das Vorlegen der maßgeblichen Schuldverschreibung bei einer anderen Zahlstelle in einem Mitgliedstaat der Europäischen Union die Veranlassung des Erhalts der Zahlung durch eine andere zu vermeiden oder einen solchen Einbehalt oder Abzug durch Arrangieren, von einer anderen Zahlstelle in einem Mitgliedstaat der Europäischen Union Zahlungen zu erhalten, zu vermeiden; oder
- (v) nach mehr als 30 Tagen nach dem Maßgeblichen Datum (wie nachstehend definiert), ausgenommen, dass der Gläubiger zum Erhalt der Zusätzlichen Beträge berechtigt gewesen wäre, Zusätzliche Beträge zu erhalten, wenn er die Schuldverschreibung für Zahlungen am letzten Tag des 30-Tage Zeitraumes vorgelegt hätte.

- (4) "**Relevante Jurisdiktion**" bezeichnet (i) die Schweiz, in Bezug auf die UBS AG; (ii) die Schweiz, das Vereinigte Königreich und der Bundesrepublik Deutschland ("**Deutschland**") in Bezug auf die UBS AG, handelnd durch die UBS AG, Niederlassung Jersey; (iii) die Schweiz, Jersey und Deutschland in Bezug auf die UBS AG, handelnd durch die UBS AG Jersey Branch; (iv) die Jurisdiktion der Niederlassung der maßgeblichen Branch, die Schweiz und Deutschland im Fall einer anderen Branch als die UBS AG, Niederlassung Jersey und die UBS AG, Niederlassung Jersey; und (v) die Öffentlichen Angebotsstaaten und jede andere Jurisdiktion, in der die Emittentin Gegenstand von Steuern wird.

"**Relevantes Datum**" bezeichnet das Datum, an dem die Zahlung zum ersten Mal fällig wird. Falls die Zahlstelle den vollständigen Betrag der Gelder, die am Fälligkeitstag zahlbar sind, am oder vor dem Fälligkeitstag nicht erhalten hat, so bezeichnet "Relevantes Datum" ein Datum, an dem eine Mitteilung über den Erhalt durch die Zahlstelle des vollständigen Betrages der Gelder, die

- (iv) by or on behalf of a Certificateholder who would have been able to avoid such withholding or deduction by presenting the relevant Certificate to, or arranging to receive payment through, another Paying Agent in a Member State of the EU; or

- (v) more than 30 days after the Relevant Date (as defined below) except to the extent that the Certificateholder would have been entitled to receive the Additional Amounts if it had presented the Certificate for payment on the last day of the 30-day period.

- (4) "**Relevant Jurisdiction**" means (i) Switzerland in relation to UBS AG; (ii) Switzerland, the United Kingdom and the Federal Republic of Germany ("**Germany**") in relation to UBS AG acting through its Jersey Branch; (iii) Switzerland, Jersey and Germany in relation to UBS AG acting through its Jersey Branch; (iv) the jurisdiction of establishment of the relevant branch, Switzerland and Germany in the case of a branch other than UBS AG Jersey Branch and UBS AG Jersey Branch; and (v) the public Offering Jurisdictions and any other jurisdiction in which the Issuer is or becomes subject to tax.

"**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 money due has been received by the Paying Agent is published in

fällig waren, in Übereinstimmung mit den Emissionsbedingungen veröffentlicht wurde.

- (5) Eine Bezugnahme in den Emissionsbedingungen auf Beträge, die gemäß den Emissionsbedingungen zahlbar sind, schließen (i) Zusätzliche Beträge gemäß diesem §6 ein und (ii) schließen jeden Betrag gemäß einer Verpflichtung, die zusätzlich oder anstelle der Verpflichtung aus diesem §6 aufgenommen wurde, ein.

§7 (Verjährung)

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Zertifikate auf zehn Jahre abgekürzt.

§8 (Kündigungsgründe)

Wenn einer der folgenden Kündigungsgründe (jeweils ein "**Kündigungsgrund**") eintritt, ist jeder Gläubiger berechtigt, sein Zertifikat durch schriftliche Erklärung an die Emittentin, die in der bezeichneten Geschäftsstelle der Hauptzahlstelle zugehen muss, mit sofortiger Wirkung zu kündigen, woraufhin für dieses Zertifikat der Vorzeitige Rückzahlungsbetrag zusammen mit etwaigen bis zum tatsächlichen Rückzahlungstag aufgelaufenen Zinsen sofort fällig und zahlbar ist, es sei denn, der Kündigungsgrund ist vor Erhalt der Erklärung durch die Emittentin weggefallen:

- (i) es besteht für mehr als 30 Tage ein Zahlungsverzug hinsichtlich einer fälligen Zahlung von Kapital oder Zinsen auf die Zertifikate; oder
- (ii) es besteht ein Verzug hinsichtlich der Erfüllung einer anderen Verpflichtung im Zusammenhang mit den Zertifikaten durch die Emittentin, deren Nichterfüllung nicht abgeholfen werden kann oder falls deren Nichterfüllung abgeholfen werden kann, die für 60 Tage, nachdem ein Gläubiger die Emittentin durch schriftliche Mitteilung über eine solche Nichterfüllung in Kenntnis gesetzt hat, andauert; oder
- (iii) es erfolgt eine Anordnung durch ein zuständiges Gericht oder eine andere Behörde oder die Emittentin erlässt einen Beschluss zur Auflösung oder Abwicklung der Emittentin oder zur Bestellung eines

accordance with the Terms and Conditions of the Certificates.

- (5) Any reference in the Terms and Conditions of the Certificates to amounts payable by the Issuer pursuant to the Terms and Conditions of the Certificates includes (i) any Additional Amount payable pursuant to this §6 and (ii) any sum payable pursuant to an obligation taken in addition to or in substitution for the obligation in this §6.

§7 (Prescription)

The presentation period provided in § 801 paragraph 1, sentence 1 of the German Civil Code is reduced to ten years for the Certificates.

§8 (Events of Default)

If any of the following events (each an "**Event of Default**") occurs, each Certificateholder may by written notice to the Issuer at the specified office of the Fiscal Agent declare such Certificates to be forthwith due and payable, whereupon the Early Redemption Amount of such Certificates together with accrued interest to the date of payment shall become immediately due and payable, unless such Event of Default shall have been remedied prior to the receipt of such notice by the Issuer:

- (i) there is a default for more than 30 days in the payment of any principal or interest due in respect of the Certificates; or
- (ii) there is a default in the performance by the Issuer of any other obligation under the Certificates which is incapable of remedy or which, being a default capable of remedy, continues for 60 days after written notice of such default has been given by any Certificateholder to the Issuer; or
- (iii) any order shall be made by any competent court or other authority or resolution passed by the Issuer for the dissolution or winding-up of the Issuer or for the appointment of a liquidator,

Insolvenzverwalters, Abwicklers, Verwalters oder Managers der Emittentin oder über den gesamten oder einen wesentlichen Teil des jeweiligen Vermögens oder etwas sinngemäßes passiert im Hinblick auf die Emittentin in einer Jurisdiktion, jedoch etwas anderes als im Zusammenhang mit einer zahlungskräftigen Reorganisation, einer Umstellung, einer Vermögensübertragung oder einer Verschmelzung; oder

- (iv) die Emittentin stellt eine Zahlung ein oder ist nicht in der Lage bzw. gesteht gegenüber ihren Gläubigern ein, dass sie nicht in der Lage ist, ihre Verbindlichkeiten, wenn diese fällig werden, zu bedienen oder ihr wird eine Zahlungsunfähigkeit oder eine Insolvenz zugesprochen bzw. sie wird dafür befunden oder sie stimmt einem Vergleich oder einer Vereinbarung mit ihren Gläubigern im Allgemeinen zu.

§9 (Beauftragte Stellen)

- (1) *Bestellung.* Die Hauptzahlstelle, die Zahlstellen und die Berechnungsstelle (zusammen die "**beauftragten Stellen**") und ihre Geschäftsstellen (die durch Geschäftsstellen innerhalb derselben Stadt ersetzt werden können) lauten:

Hauptzahlstelle:

UBS Limited London
c/o UBS Deutschland AG
Bockenheimer Landstraße 2-4
D-60306 Frankfurt am Main

Zahlstelle:

UBS Limited London
c/o UBS Deutschland AG
Bockenheimer Landstraße 2-4
D-60306 Frankfurt am Main

Berechnungsstelle:

UBS AG, Bahnhofstrasse 45
CH-8001 Zürich/
Aeschenvorstadt 1
CH-4051 Basle,
handelnd durch UBS AG, Niederlassung
London, 1 Finsbury Avenue, GB-London
EC2M 2PP

- (2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich

receiver, administrator or manager of the Issuer or of all or a substantial part of their respective assets, or anything analogous occurs, in any jurisdiction, to the Issuer, other than in connection with a solvent reorganisation, reconstruction, amalgamation or merger; or

- (iv) the Issuer shall stop payment or shall be unable to, or shall admit to creditors generally its inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent, or shall enter into any composition or other arrangements with its creditors generally.

§9 (Agents)

- (1) *Appointment.* The Fiscal Agent, the Paying Agents and the Calculation Agent (together, the "**Agents**") and their offices (which can be substituted with other offices in the same city) are:

Fiscal Agent:

UBS Limited London
c/o UBS Deutschland AG
Bockenheimer Landstrasse 2-4
D-60306 Frankfurt am Main

Paying Agent:

UBS Limited London
c/o UBS Deutschland AG
Bockenheimer Landstrasse 2-4
D-60306 Frankfurt am Main

Calculation Agent:

UBS AG, Bahnhofstrasse 45
CH-8001 Zurich/
Aeschenvorstadt 1
CH-4051 Basle,
acting through UBS AG, London
Branch, 1 Finsbury Avenue, London
EC2M 2PP, United Kingdom

- (2) *Variation or Termination of Appointment.* The Issuer reserves the

das Recht vor, jederzeit die Bestellung einer beauftragten Stelle zu ändern oder zu beenden und eine andere Hauptzahlstelle oder zusätzliche oder andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird zu jedem Zeitpunkt (i) eine Hauptzahlstelle unterhalten, (ii) solange die Zertifikate an einer Börse notiert sind, eine Zahlstelle (die die Hauptzahlstelle sein kann) mit bezeichneter Geschäftsstelle an dem Ort unterhalten, den die Regeln dieser Börse verlangen, (iii) eine Berechnungsstelle mit Geschäftsstelle an demjenigen Ort zu unterhalten, der durch die Regeln irgendeiner Börse oder sonstigen anwendbaren Regeln vorgeschrieben ist und (iv) falls eine Richtlinie der Europäischen Union zur Besteuerung von Zinseinkünften oder irgendein Gesetz zur Umsetzung dieser Richtlinie eingeführt wird, sicherstellen, dass sie eine Zahlstelle in einem Mitgliedsstaat der Europäischen Union unterhält, die nicht zum Abzug oder Einbehalt von Steuern gemäß dieser Richtlinie oder eines solchen Gesetzes verpflichtet ist, soweit dies in irgendeinem Mitgliedsstaat der Europäischen Union möglich ist. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß §12 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

- (3) *Beauftragte der Emittentin.* Jede beauftragte Stelle handelt ausschließlich als Beauftragte der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet.
- (4) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieser Emissionsbedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Hauptzahlstelle, die Zahlstellen und die Gläubiger bindend und sind in Übereinstimmung mit

right at any time to vary or terminate the appointment of any Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent provided that the Issuer shall at all times (i) maintain a Fiscal Agent, (ii) so long as the Certificates are listed on a regulated market of a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such place as may be required by the rules of such stock exchange, (iii) a Calculation Agent with a specified office located in such place as required by the rules of any stock exchange or other applicable rules (if any) and (iv) if a Directive of the European Union regarding the taxation of interest income or any law implementing such Directive is introduced, ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law, to the extent this is possible in a Member State of the European Union. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Certificateholder in accordance with §12.

- (3) *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 Certificateholder.
- (4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Terms and Conditions by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Certificateholders and shall be made in accordance with § 317 of the German Civil Code.

§ 317 BGB zu treffen.

- (5) Weder die Berechnungsstelle noch die Zahlstellen übernehmen irgendeine Haftung für irgendeinen Irrtum oder eine Unterlassung oder irgendeine darauf beruhende nachträgliche Korrektur in der Berechnung oder Veröffentlichung irgendeines Betrags zu den Zertifikaten, sei es aufgrund von Fahrlässigkeit oder aus sonstigen Gründen.
- (5) None of the Calculation Agent or the Paying Agents shall have any responsibility in respect of any error or omission or subsequent correcting made in the calculation or publication of any amount in relation to the Certificates, whether caused by negligence or otherwise (other than gross negligence or willful misconduct).

**§10
(Ersetzung der Emittentin)**

- (1) Die Emittentin (oder jede Schuldnerin, welche die Emittentin ersetzt) ist jederzeit berechtigt, ohne weitere Zustimmung der Gläubiger ein von ihr kontrolliertes, sie kontrollierendes oder gemeinsam mit ihr von einem dritten Unternehmen kontrolliertes Unternehmen (mit Geschäftssitz in irgendeinem Land weltweit) oder irgendeines ihrer Tochterunternehmen an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit den Zertifikaten einzusetzen, und die Gläubiger stimmen dieser Einsetzung hiermit unwiderruflich zu, vorausgesetzt, dass:

- (a) alle für die Wirksamkeit der Ersetzung notwendigen Dokumente (die "**Ersetzungsdokumente**") von der Emittentin und der Nachfolgeschuldnerin unterzeichnet werden, entsprechend denen die Nachfolgeschuldnerin zugunsten jedes Gläubigers alle Verpflichtungen aus diesen Emissionsbedingungen und dem Agency Agreement übernimmt, als sei sie von Anfang an Stelle der Emittentin Partei dieser Vereinbarungen gewesen, und entsprechend denen die Emittentin zugunsten jedes Gläubigers unbedingt und unwiderruflich die Zahlung aller fälligen und durch die Nachfolgeschuldnerin als Hauptschuldner zahlbaren Beträge garantiert (wobei diese Garantie im Folgenden als "**Ersetzungsgarantie**") bezeichnet wird);

**§10
(Substitution of the Issuer)**

- (1) The Issuer (reference to which shall always include any previous substitute debtor) may and the Certificateholders hereby irrevocably agree in advance that the Issuer may without any further prior consent of any Certificateholder at any time, substitute any company (incorporated in any country in the world) controlling, controlled by or under common control with, the Issuer as the principal debtor in respect of the Certificates or undertake its obligations in respect of the Certificates through any of its branches (any such company or branch, the "**Substitute Debtor**"), provided that:

- (a) such documents shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (together, the "**Substitution Documents**") and pursuant to which the Substitute Debtor shall undertake in favour of each Certificateholder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as fully as if the Substitute Debtor had been named in the Certificates and the Agency Agreement as the principal debtor in respect of the Certificates in place of the Issuer and pursuant to which the Issuer shall irrevocably and unconditionally guarantee in favour of each Certificateholder the payment of all sums payable by the Substitute Debtor as such principal debtor (such guarantee of the Issuer herein referred to as the "**Substitution Guarantee**");

- (b) die Ersetzungs-Dokumente ein unselbstständiges Garantieversprechen der Nachfolgeschuldnerin und der Emittentin enthalten, wonach die Nachfolgeschuldnerin und die Hauptschuldnerin alle für die Ersetzung und die Abgabe der Ersetzungs-Garantie durch die Emittentin notwendigen Genehmigungen und Einverständniserklärungen von Regierungsstellen und Aufsichtsbehörden erhalten haben, wonach ferner die Nachfolgeschuldnerin alle für die Erfüllung ihrer Verpflichtungen aus den Ersetzungs-Dokumenten notwendigen Genehmigungen und Einverständniserklärungen von Regierungsstellen und Aufsichtsbehörden erhalten hat und wonach weiterhin sämtliche dieser Genehmigungen und Einverständniserklärungen in vollem Umfang gültig und wirksam sind und wonach zudem die Verpflichtungen der Nachfolgeschuldnerin und die Ersetzungs-Garantie jeweils gemäß ihren Bestimmungen wirksam und rechtsverbindlich und durch jeden Gläubiger durchsetzbar sind und wonach schließlich, wenn die Nachfolgeschuldnerin ihre Verbindlichkeiten an den Zertifikaten durch eine Niederlassung erfüllt, die Nachfolgeschuldnerin selbst verpflichtet bleibt, und
- (c) §8 als dergestalt ergänzt gilt, dass ein zusätzlicher Kündigungsgrund unter dieser Bestimmung der Wegfall der Wirksamkeit, Rechtsverbindlichkeit oder Durchsetzbarkeit der Ersetzungs-Garantie für jeden Gläubiger ist.
- (2) Nachdem die Ersetzungs-Dokumente für die Emittentin und die Nachfolgeschuldnerin wirksam und rechtsverbindlich geworden sind und eine Mitteilung gemäß Absatz (4) dieser Bestimmung erfolgt ist, gilt die Nachfolgeschuldnerin als in den Zertifikaten an Stelle der Emittentin als Hauptschuldnerin verzeichnet und die Zertifikate gelten als dementsprechend ergänzt, um der Ersetzung zur Durchsetzung zu verhelfen und die
- (b) the Substitution Documents shall contain a warranty and representation by the Substitute Debtor and the Issuer that the Substitute Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer of the Substitution Guarantee in respect of the obligations of the Substitute Debtor, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of its obligations under the Substitution Documents and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor and the Substitution Guarantee given by the Issuer are each valid and binding in accordance with their respective terms and enforceable by each Certificateholder and that, in the case of the Substitute Debtor undertaking its obligations with respect to the Certificates through a branch, the Certificates remain the valid and binding obligations of such Substitute Debtor; and
- (c) §8 shall be deemed to be amended so that it shall also be an Event of Default under the said Condition if the Substitution Guarantee shall cease to be valid or binding on or enforceable against the Issuer.
- (2) Upon the Substitution Documents becoming valid and binding obligations of the Substitute Debtor and the Issuer and subject to notice having been given in accordance with subparagraph (4) below, the Substitute Debtor shall be deemed to be named in the Certificates as the principal debtor in place of the Issuer as issuer and the Certificates shall thereupon be deemed to be amended to give effect to the substitution including that the

relevante Jurisdiktion im Rahmen des §6 ist die Jurisdiktion des Sitzes der Nachfolgeschuldnerin. Die Unterzeichnung der Ersetzungs-Dokumente und die Mitteilung gemäß Absatz (4) dieser Bestimmung befreien, im Fall der Einsetzung einer anderen Gesellschaft als Hauptschuldnerin, die Emittentin von allen Verbindlichkeiten, die sie als Hauptschuldnerin unter den Zertifikaten hatte.

- (3) Die Ersetzungs-Dokumente werden so lange bei der Hauptzahlstelle hinterlegt und von dieser verwahrt werden, als noch Forderungen bezüglich der Zertifikate von irgendeinem Gläubiger gegen die Nachfolgeschuldnerin oder die Emittentin erhoben werden können oder Forderungen aus den Ersetzungs-Dokumenten noch nicht endgültig zugesprochen, ausgeglichen oder erfüllt worden sind. Die Nachfolgeschuldnerin und die Emittentin erkennen das Recht eines jeden Gläubigers zur Anfertigung der Ersetzungs-Dokumente zur Durchsetzung eines Zertifikates oder der Ersetzungs-Dokumente an.
- (4) Spätestens 15 Geschäftstage nach Unterzeichnung der Ersetzungs-Dokumente wird die Nachfolgeschuldnerin dies den Gläubigern und, sollten die Zertifikate an einer Börse notiert sein, dieser Börse in Übereinstimmung mit §12 und jeder anderen Person oder Stelle, die gemäß den anwendbaren Gesetzen und Regelungen zu informieren ist, mitteilen. Ferner wird die Emittentin einen Nachtrag zu dem die Zertifikate betreffenden Basisprospekt erstellen.
- (5) Für die Zwecke dieses §10 bedeutet "Kontrolle" direkten oder indirekten Einfluss auf die Geschäftsleitung und Geschäftspolitik einer Gesellschaft oder die Möglichkeit, deren Richtung zu bestimmen, sei es kraft Vertrages oder kraft direkten oder indirekten Besitzes einer solchen Zahl stimmberechtigter Anteile, die es deren Inhaber ermöglichen, die Mehrheit der Geschäftsführer zu bestimmen, wobei jede Gesellschaft als darin einbezogen gilt, die eine ähnliche Beziehung zur erstgenannten Gesellschaft aufweist. "Stimmberechtigte Anteile" sind zu diesem Zweck Kapitalanteile an einer Gesellschaft, die üblicherweise zur Wahl

relevant jurisdiction in §6 shall be the jurisdiction of incorporation of the Substitute Debtor. The execution of the Substitution Documents together with the notice referred to in sub-paragraph (4) below shall, in the case of the substitution of any other company as principal debtor, operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Certificates.

- (3) The Substitution Documents shall be deposited with and held by the Fiscal Agent for so long as any Certificates remain outstanding and for so long as any claim made against the Substitute Debtor or the Issuer by any Certificateholder in relation to the Certificates or the Substitution Documents shall not have been finally adjudicated, settled or discharged. The Substitute Debtor and the Issuer acknowledge the right of every Certificateholder to the production of the Substitution Documents for the enforcement of any of the Certificates or the Substitution Documents.
- (4) Not later than 15 Business Days after the execution of the Substitution Documents, the Substitute Debtor shall give notice thereof to the Certificateholders and, if any Certificates are listed on any stock exchange, to such stock exchange in accordance with §12 and to any other person or authority as required by applicable laws or regulations. A supplement to the Base Prospectus relating to the Certificates concerning the substitution of the Issuer shall be prepared by the Issuer.
- (5) 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,

der Geschäftsführer berechtigen. Die Begriffe "kontrolliert", "kontrollierend" und "gemeinsam kontrolliert" sind entsprechend auszulegen.

and "controlling", "controlled" and "under common control" shall be construed accordingly.

**§11
(Begebung weiterer Zertifikate. Ankauf.
Entwertung)**

- (1) *Begebung weiterer Zertifikate.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Zertifikate mit gleicher Ausstattung (mit Ausnahme des Emissionspreises und des Begebungstags) in der Weise zu begeben, dass sie mit diesen Zertifikate eine einheitliche Serie bilden, wobei in diesem Fall der Begriff "Zertifikate" entsprechend auszulegen ist.
- (2) *Ankauf.* Die Emittentin und jedes ihrer Tochterunternehmen sind berechtigt, Zertifikate im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gegenüber erfolgen. Die von der Emittentin erworbenen Zertifikate können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder entwertet werden.
- (3) *Entwertung.* Sämtliche vollständig zurückgezahlten Zertifikate sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§12
(Mitteilungen)**

- (1) *Bekanntmachung.* Alle die Zertifikate betreffenden Mitteilungen sind im Internet auf der Website www.ubs.com/certificati oder www.ubs.com/keyinvest oder in einer führenden Tageszeitung zu veröffentlichen. Jede derartige Mitteilung gilt mit dem fünften Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem fünften Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.

Darüber hinaus werden alle Mitteilungen an die Borsa Italiana S.p.A. zur weiteren Veröffentlichung an dem Tag, an dem sie nach Satz 1 veröffentlicht werden sollen, übermittelt.

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

- (1) *Further Issues.* The Issuer may from time to time without the consent of the Certificateholders create and issue further Certificates having the same terms and conditions as the Certificates (except for the issue price and the issue date) and so that the same shall be consolidated and form a single Series with such Certificates, and references to "Certificates" shall be construed accordingly.
- (2) *Purchases.* The Issuer may at any time purchase Certificates at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Certificateholders alike. Such Certificates may be held, reissued, resold or cancelled, all at the option of the Issuer.
- (3) *Cancellation.* All Certificates redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§12
(Notices)**

- (1) *Publication.* All notices concerning the Certificates shall be published on the Internet on website www.ubs.com/certificati or www.ubs.com/keyinvest or in a leading daily newspaper. Any notice so given will be deemed to have been validly given on the fifth day of such publication (or, if published more than once, on the fifth day of the first such publication).

Furthermore, all notices concerning the Certificates shall be submitted to Borsa Italiana S.p.A. for further publication on the same date on which they shall be published in accordance with sentence 1 above.

- (2) *Mitteilungen an das Clearing System.* Die Emittentin ist berechtigt, eine Veröffentlichung nach Absatz (1) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Gläubiger zu ersetzen, vorausgesetzt, dass in Fällen, in denen die Zertifikate an einer Börse notiert sind, die Regeln dieser Börse diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

- (2) *Notification to Clearing System.* The Issuer may, instead of a publication pursuant to subparagraph (1) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Certificateholders, provided that, so long as any Certificates are listed on any stock exchange, the rules of such stock exchange permit such form of notice. Any such notice shall be deemed to have been given to the Certificateholders on the fifth day after the day on which the said notice was given to the Clearing System.

§13

(Anwendbares Recht. Gerichtsstand. Zustellungsbevollmächtigter. Korrekture)

- (1) *Anwendbares Recht.* Die Zertifikate unterliegen deutschem Recht.
- (2) *Gerichtsstand.* Ausschließlich zuständig für sämtliche im Zusammenhang mit den Zertifikaten entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Gläubiger können ihre Ansprüche jedoch auch vor anderen zuständigen Gerichten geltend machen. Die Emittentin unterwirft sich den in diesem Absatz bestimmten Gerichten.
- (3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Zertifikaten ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Zertifikaten im eigenen Namen auf der folgenden Grundlage zu stützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Zertifikate ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) die Gesamtanzahl der Zertifikate bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind, und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Zertifikate verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original

§13

(Governing Law. Jurisdiction. Process Agent. Corrections)

- (1) *Governing Law.* The Certificates are governed by German law.
- (2) *Jurisdiction.* The exclusive place of jurisdiction for all proceedings arising out of or in connection with the Certificates ("**Proceedings**") shall be Frankfurt am Main. The Holders, however, may also pursue their claims before any other court of competent jurisdiction. The Issuer hereby submits to the jurisdiction of the courts referred to in this subparagraph.
- (3) *Enforcement.* Any Certificateholder may in any Proceedings against the Issuer, or to which such Certificateholder and the Issuer are parties, protect and enforce in his own name his rights arising under such Certificates on the basis of (i) a statement issued by the Custodian with whom such Certificateholder maintains a securities account in respect of the Certificates (a) stating the full name and address of the Certificateholder, (b) specifying the total number of Certificates credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Certificates in global form 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 Certificates representing the Certificates.

durch eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt wurde, ohne dass eine Vorlage der Originalbelege oder der die Zertifikate verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Zertifikate unterhält, einschließlich des Clearing Systems. Jeder Gläubiger kann, ungeachtet der vorstehenden Bestimmungen, seine Rechte unter diesen Zertifikaten auch auf jede andere im Land der Geltendmachung zulässige Methode geltend machen.

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| <p>(4) <i>Bestellung von Zustellungsbevollmächtigten.</i> Für etwaige Rechtsstreitigkeiten vor deutschen Gerichten bestellt die Emittentin die UBS Deutschland AG, Bockenheimer Landstraße 2-4, D-60306 Frankfurt am Main, zu ihrem Zustellungsbevollmächtigten in Deutschland.</p> | <p>(4) <i>Appointment of Process Agent.</i> For any Proceedings before German courts, the Issuer appoints UBS Deutschland AG, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Germany, as its authorised agent for service of process in Germany.</p> |
| <p>(5) Die Emittentin ist berechtigt, an diesen Bedingungen, jeweils ohne die Zustimmung der Gläubiger, in der Weise, die die Emittentin für notwendig hält, Änderungen oder Ergänzungen vorzunehmen, sofern die Änderungen oder Ergänzungen</p> <ul style="list-style-type: none"> (i) formaler, geringfügiger oder technischer Natur sind; oder (ii) zur Behebung eines offensichtlichen oder erwiesenen Fehlers erfolgen; oder (iii) zur Behebung einer Mehrdeutigkeit oder zur Berichtigung oder Ergänzung fehlerhafter Bestimmungen dieser Emissionsbedingungen erfolgen; oder | <p>(5) 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 Certificateholders in such manner as the Issuer deems necessary, if the modifications or amendments</p> <ul style="list-style-type: none"> (i) are of a formal, minor or technical nature; or (ii) are made to cure a manifest or proven error; or (iii) are made to cure any ambiguity; or is made to correct or supplement any defective provisions of these Terms and Conditions; or |

"**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 Certificates and includes the Clearing System. Each Certificateholder may, without prejudice to the foregoing, protect and enforce his rights under these Certificates also in any other manner permitted in the country of the Proceedings.

- (iv) zur Berichtigung eines Fehlers oder einer Auslassung erfolgen, wenn ohne eine solche Berichtigung die Bedingungen nicht die beabsichtigten Bedingungen, zu denen die Schuldverschreibungen verkauft wurden und zu denen sie seitdem gehandelt werden, darstellen würden; oder
- (v) keine wesentlichen nachteiligen Auswirkungen auf die Interessen der Gläubiger in Bezug auf die Schuldverschreibungen haben.

Eine solche Änderung bzw. Ergänzung wird gemäß ihren Bestimmungen wirksam, ist für die Gläubiger bindend und wird den Gläubigern gemäß § 12 dieser Bedingungen bekannt gemacht (wobei jedoch eine versäumte Übermittlung einer solchen Mitteilung oder deren Nichterhalt die Wirksamkeit der betreffenden Änderung bzw. Ergänzung nicht beeinträchtigt).

**§14
(Sprache)**

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

- (iv) 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 Certificates on which the Certificates were sold and have since traded; or
- (v) will not materially and adversely affect the interests of the Certificates.

Any modification or amendment of these Terms and Conditions shall take effect in accordance with its terms and be binding on the Certificateholders, and shall be notified to the Certificateholders in accordance with § 12 of these Terms and Conditions (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

**§14
(Language)**

These 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.

**ANNEXE:
Form of Waiver Notice**

[To be completed by the relevant Certificateholder]

Any capitalised terms not defined herein shall bear the same meaning as that in the Base Prospectus for the Securities as modified or replaced by the relevant Terms and Conditions.

When completed this notice should be sent by the Certificateholder to the Fiscal and Paying Agent and copied to his/her financial intermediary, accountholder at Monte Titoli.

To: *[insert address of Issuer]*

To the attention of: [•]

Fax no.: [•]

Tel. no.: [•]

Email: [•]

Re: *[insert name of relevant Certificates]* Certificates due *[insert relevant Expiration Date]*

Information with regard to the Certificateholder:

Name: [•]

Street and no.: [•]

City: [•]

Country: [•]

Telephone no.: [•]

Information with regard to the Certificates:

Series no. of the Certificates: [•]

ISIN Code: [•]

Waiver of Certificate Right:

I hereby irrevocably waive the certificate right pursuant to § 1 (1) of the Terms and Conditions relating to the *[insert name of relevant Certificates]* Certificates due *[insert relevant Expiration Date]*.

Place, Date²: [•]

Signature (signatures) of the Certificateholder

[•]

² This date shall be subsequent to the final Valuation Date, if any.

APPENDIX C TO THE FINAL TERMS

RISK FACTORS

The purchase of Certificates 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 Certificates. 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 the Base Prospectus. Words and expressions defined in parts of the Base Prospectus shall have the same meaning in this Appendix C to the Final Terms.

Potential investors in the Certificates should recognize that the Certificates may decline in value and should be prepared to sustain a total loss of their investment in the Certificates.

I. Risk Factors relating to the Certificates

1. General Risk Factors relating to the Certificates

General

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

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

An investment in the Certificates 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 Certificates and the information contained or incorporated by reference into the Base Prospectuses or any applicable supplement thereto;
- have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of the investor's particular financial situation and to evaluate the impact the Certificates will have on their overall investment portfolio;
- understand thoroughly the terms of the Certificates and are familiar with the behaviour of the relevant underlyings and financial markets;
- are capable of bearing the economic risk of an investment in the Certificates until the maturity of the Certificates; and
- recognise that it may not be possible to dispose of the Certificates for a substantial period of time, if at all before maturity.

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

Interest Rate Risk

The interest rate risk is one of the central risks of interest-bearing certificates. The interest rate level on the money and capital markets may fluctuate on a daily basis and cause the value of the Certificates to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the market interest rate level. In particular, Certificateholders of Fixed Rate Certificates are exposed to an interest rate risk that could result in a diminution in value if the market interest rate level increases. In general, the effects of this risk increase as the market interest rates increase.

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 Certificates. The longer the remaining term until maturity of the Certificates and the lower their rates of interest, the greater the price fluctuations.

A materialisation of the interest rate risk may result in delay in, or inability to make, scheduled interest payments.

Credit Risk

Certificateholders 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 Certificates. The worse the creditworthiness of the Issuer, the higher the risk of loss (see also "Risk Factors relating to the Issuer" below).

A materialisation of the credit risk may result in partial or total failure of the Issuer to make interest and/or redemption payments.

Rating of the Certificates

A rating of Certificates, if any, may not adequately reflect all risks of the investment in such Certificates. 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 Certificates. 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.

Reinvestment Risk

Certificateholders may be exposed to risks connected to the reinvestment of cash resources freed from the Certificates. The return the Certificateholders will receive from the Certificates depends not only on the price and the nominal interest rate of the Certificates but also on whether or not the interest received during the term of the Certificates can be reinvested at the same or a higher interest rate than the rate provided for in the Certificates. The risk that the general market interest rate falls below the interest rate of the Certificates during its term is generally called reinvestment risk. The extent of the reinvestment risk depends on the individual features of the Certificates.

Cash Flow Risk

In general, the Certificates provide a certain cash flow. The Terms and Conditions of the Certificates and the Final Terms set forth under which conditions, on which dates and in which amounts interest and/or redemption amounts are/is paid. In the event that the agreed conditions do not occur, the actual cash flows may differ from those expected.

The materialisation of the cash flow risk may result in the Issuer's inability to make interest payments or in the inability to redeem the Certificates, in whole or in part.

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 Certificates. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

Purchase on Credit – Debt Financing

If a loan is used to finance the acquisition of the Certificates by a Certificateholder and the Certificates subsequently go into default, or if the trading price diminishes significantly, the Certificateholder 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.

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 Certificates at a price equivalent to or below the Issue Price. A periodic fee may also be payable to the Distribution Agents in respect of all outstanding Certificates up to and including the maturity date at a rate as determined by the Issuer. Such rate may vary from time to time.

Transaction Costs/Charges

When Certificates 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 Certificates. These incidental costs may significantly reduce or eliminate any profit from holding the Certificates. 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, Certificateholders 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 Certificates before investing in the Certificates.

Change of Law

The Terms and Conditions of the Certificates will be governed by Swiss law in effect as at the date of the Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Swiss law (or law applicable in Switzerland), or administrative practice after the date of the Base Prospectus.

Potential Conflicts of Interest

Each of the Issuer, the Manager(s) or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any issuer of Underlying Securities or Reference Entities, their respective affiliates or any guarantor or any other person or entities having obligations relating to any issuer of Underlying Securities or Reference Entities or their respective affiliates or any guarantor in the same manner as if any Certificates did not exist, regardless of whether any such action might have an adverse effect on an issuer of the Underlying Securities or Reference Entities, any of their respective affiliates or any guarantor.

The Issuer may from time to time be engaged in transactions involving the Underlying Securities or Reference Entities, the Index, Index Components or related derivatives or Relevant Commodities which may affect the market price, liquidity or value of the Certificates and which could be deemed to be adverse to the interests of the Certificateholders.

Potential conflicts of interest may arise between the Calculation Agent and the Certificateholders, including with respect to certain discretionary determinations and judgements that the Calculation Agent may make pursuant to the Terms and Conditions of the Certificates that may influence the amount receivable upon redemption of the Certificates.

Protection Amount

Notwithstanding the risk of an insolvency of the Issuer and the associated risk of a total loss of the investment made by the Certificateholder, if and to the extent that a Protection Amount has been declared applicable in the relevant Final Terms, the Certificates of the Series will, at maturity, be redeemed for an amount no less than the specified Protection Amount. A Protection Amount may apply at a level below, at, or above the principal amount/par value of a Certificate. The Protection Amount, if any, will not be due if the Certificates are redeemed prior to their stated maturity or upon the occurrence of an Event of Default or upon the occurrence of a Tax Call (if applicable). If no Protection Amount is applicable the full amount invested by the Certificateholder may be lost. Even if a Protection Amount applies, the guaranteed return may be less than the investment made by the Certificateholder. The payment of the protection amount may be affected by the condition (financial or otherwise) of the Issuer. Hence, the risk of an insolvency of the Issuer also exists in case of a Protection Amount.

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 Certificates 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 Certificates. Potential investors are advised not to rely upon the tax summary contained in the Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Certificates. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the section "Taxation" of the Base Prospectus and the tax sections contained in these Final Terms.

No Deposit Protection

The Certificates issued under the Programme are neither protected or guaranteed by the Deposit Protection Fund of the Association of German Banks (*Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V.*) nor by the German Deposit Guarantee and Investor Compensation Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz*). In case of an insolvency of the Issuer, Certificateholders may therefore not rely on any protection established by such schemes.

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 Certificates is fully consistent with its (or if it is acquiring the Certificates 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 Certificates as principal or in a fiduciary capacity) and is a fit, proper and suitable investment for it (or if it is acquiring the Certificates in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Certificates. Without independent review and advice, an investor may not adequately understand the risks inherent with an investment in the Certificates and may lose parts or all of his capital invested without taking such or other risks into consideration before investing in the Certificates.

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 Certificates or as to the other matters referred to above.

Risks associated with an Early Redemption

Unless the Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of the Certificates due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Switzerland, the United Kingdom and/or Germany, as the case may be, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Certificates in accordance with the Terms and Conditions of the Certificates.

In addition, if the Final Terms specify that the Certificates are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Certificates at times when prevailing interest rates may be relatively low. In such circumstances Certificateholders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Certificates.

No Certificateholder right to demand early redemption if not specified otherwise

If the relevant Final Terms do not provide otherwise, Certificateholders have no right to demand early redemption of the Certificates during the term. In case the Issuer has the right to redeem the Certificates early but provided that the Issuer does not exercise such right and it does not redeem the Certificates early in accordance with the Terms and Conditions of the Certificates, the realisation of any economic value in the Certificates (or portion thereof) is only possible by way of their sale.

Sale of the Certificates is contingent on the availability of market participants willing to purchase the Certificates at a commensurate price. If no such willing purchasers are available, the value of the

Certificates cannot be realised. The issue of the Certificates entails no obligation on the part of the Issuer *vis-à-vis* the Certificateholders to ensure market equilibrium or to repurchase the Certificates.

Because the Global Notes or the Intermediated Securities, as the case may be, may be held by or on behalf of, or may be registered with, Euroclear, Clearstream Frankfurt, Clearstream Luxembourg and/or SIS or any other relevant clearing system/FISA Depository, as the case may be, for a particular Tranche of Certificates, Certificateholders will have to rely on their procedures and the applicable laws for transfer, payment and communication with the Issuer. The Issuer shall not be held liable under any circumstances for any acts and omissions of any Clearing Systems or any other relevant clearing system/FISA Depository as well as for any losses which might occur to a Certificateholder out of such acts and omissions.

Certificates issued under the Programme may be represented by one or more Global Note(s). If the Certificates are governed by Swiss law, they will be issued either as one or more Swiss Global Note(s) or as Uncertificated Securities, and will have the form of Intermediated Securities.

Global Notes may be deposited with a common depository for Euroclear and Clearstream Luxembourg or with Clearstream Frankfurt or SIS or such other clearing system or such other respective common depository as may be relevant for the particular Tranche of Certificates. Certificateholders will not be entitled to receive definitive Certificates. Euroclear, Clearstream Frankfurt, Clearstream Luxembourg or SIS, or any other relevant clearing system, as the case may be, will maintain records of the beneficial interests in the Global Notes. While the Certificates are represented by one or more Global Note(s) Certificateholders will be able to trade their beneficial interests only through Euroclear, Clearstream Frankfurt, Clearstream Luxembourg or SIS or any other relevant clearing system, as the case may be.

While the Certificates are represented by one or more Global Note(s) the Issuer will discharge its payment obligations under the Certificates by making payments to the common depository for Euroclear and Clearstream Luxembourg or for Clearstream Frankfurt or for SIS or any other relevant clearing system, if any, for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream Frankfurt, Clearstream Luxembourg or SIS or of any other relevant clearing system, if any, to receive payments under the relevant Certificates. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holder of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream Frankfurt, Clearstream Luxembourg or SIS or any other relevant clearing system, if any, to appoint appropriate proxies.

Further factors influencing the value of the Certificates in case of Certificates linked to an underlying

The value of the Certificates is determined not only by changes in market prices, changes in the price of an underlying, but also by several other factors. More than one risk factor can influence the value of the Certificates at any one time, so that the effect of an individual risk factor cannot be predicted. Moreover, more than one risk factor may have a compounding effect that is also unpredictable. No definitive statement can be made with respect to the effects of combined risk factors on the value of the Certificates.

These risk factors include the term of the Certificates and the frequency and intensity of price fluctuations (volatility) of the underlying as well as general interest and dividend levels. Consequently, the Certificates may lose value even if the price of an underlying remains constant.

Potential investors should thus be aware that an investment in the Certificates entails a valuation risk with respect to an underlying. Investors should have experience in transactions with Certificates having values based on their respective underlying. The value of an underlying is subject to fluctuations that are contingent on many factors, such as the business activities of UBS AG, macroeconomic factors and speculation. If an underlying comprises a basket of individual components, fluctuations in the value of a single component may be either offset or amplified by fluctuations in the value of the other components. Additionally, the historical performance of an underlying is not an indication of future performance. The historical price of an underlying does not indicate future performance of such

underlying. Changes in the market price of an underlying affect the trading price of the Certificates, and it cannot be foreseen whether the market price of an underlying will rise or fall.

If the right represented by the Certificates is calculated using a currency, currency unit or unit of account other than the currency of the Certificates, or if the value of an underlying is determined in such a currency, currency unit or unit of account other than the currency of the Certificates potential investors should be aware that an investment in the Certificates may entail risks based on exchange rate fluctuations, and that the risk of loss is not based solely on the performance of an underlying, but also on unfavourable developments in the value of the foreign currency, currency unit or unit of account. Such unfavourable developments can increase the Certificateholder's risk of loss in the following ways:

- the value of the Certificates purchased may decline correspondingly in value or
- the amount of the potential redemption amount may decline correspondingly.

Transactions to offset or limit risk

Potential investors should not rely on the ability to conclude transactions during the term of the Certificates to offset or limit the relevant risks; this depends on the market situation and, in case of Certificates linked to an underlying, the specific underlying conditions. It is possible that such transactions can only be concluded at an unfavourable market price, resulting in a corresponding loss for the Certificateholder.

Expansion of the spread between bid and offer prices

In special market situations, where the Issuer is 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. Thus, Certificateholders selling their Certificates on an exchange or on the over-the-counter market may be doing so at a price that is substantially lower than the actual value of the Certificates at the time of sale.

Effect on the Certificates of hedging transactions by the Issuer

The Issuer may use a portion of the total proceeds from the sale of the Certificates for transactions to hedge the risks of the Issuer relating to the Tranche of Certificates. In such case, the Issuer or a company affiliated with it may conclude transactions that correspond to the obligations of the Issuer under the Certificates. As a rule, such transactions are concluded prior to or on the Issue Date, but it is also possible to conclude such transactions after issue of the Certificates. On or before a valuation date, if any, the Issuer or a company affiliated with it may take the steps necessary for closing out any hedging transactions. It cannot, however, be ruled out that the price of an underlying, if any, will be influenced by such transactions in individual cases. Entering into or closing out these hedging transactions may influence the probability of occurrence or non-occurrence of determining events in the case of Certificates with a value based on the occurrence of a certain event in relation to an underlying.

2. General Risk Factors relating to changes in the Market Condition

Market Illiquidity

There can be no assurance as to how the Certificates will trade in the secondary market or whether such market will be liquid or illiquid or that there will be a market at all. If the Certificates are not traded on any securities exchange, pricing information for the Certificates may be more difficult to obtain and the liquidity and market prices of the Certificates may be adversely affected. The liquidity of the Certificates 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 Certificateholders to realise value for the Certificates prior to the exercise, expiration or maturity date.

Market Value of the Certificates

The market value of the Certificates will be affected by the creditworthiness of the Issuer and a number of additional factors and the value of the Reference Assets or the Index, including, but not limited to, the volatility of the Reference Assets or the index, the dividend rate on Underlying Securities, or the dividend on the securities taken up in the Index, the issuer of the Underlying Securities financial results and prospects, other relevant underlying(s), including their performance

and/or volatility, market interest yield rates, market liquidity and the time remaining to the maturity date.

The value of the Certificates, the Reference Assets or the Index depends on a number of interrelated factors, including economic, financial and political events in a global economy or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Reference Assets, the securities taken up in the Index, or the Index, are traded. The price at which a Certificateholder will be able to sell the Certificates prior to maturity may be at a discount, which could be substantial, from the Issue Price or the purchase price paid by such purchaser. The historical market prices of the Reference Assets or the Index should not be taken as an indication of the Reference Assets' or the Index's future performance during the term of any Certificate.

Market price risk – Historic performance

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

It is not foreseeable whether the market price of the Certificates will rise or fall. If the price risk materialises, the Issuer may be unable to redeem the Certificates in whole or in part.

The Issuer gives no guarantee that the spread between purchase and selling prices is within a certain range or remains constant.

3. Risk Factors relating to the specific Product Category

Equity Linked Certificates

Equity Linked Certificates are debt securities which do not provide for predetermined redemption amounts and/or interest payments. Redemption amounts and/or interest payments will depend on the market value of the Underlying Securities which might be substantially less than the Issue Price or, as the case may be, the purchase price invested by the Certificateholder and may even be zero in which case the Certificateholder may lose his entire investment. If the Underlying Securities are to be delivered instead of cash redemption, the value of such securities may also be substantially less than the Issue Price or, as the case may be, the purchase price invested by the Certificateholder.

Equity Linked Certificates are not in any way sponsored, endorsed, sold or promoted by the issuer of the Underlying Securities and such issuer makes no warranty or representation whatsoever express or implied, as to the future performance of the Underlying Securities. Furthermore, the issuer of the Underlying Securities does not assume any obligations to take the interests of the Issuer or those of the Certificateholders into consideration for any reason. None of the issuers of the Underlying Securities will receive any of the proceeds of the offering of the Certificates made hereby and is responsible for, and has participated in, the determination of the timing of, prices for or quantities of, the Certificates. The investment in the Certificates does not result in any right to receive information from the issuer of the Underlying Securities, to exercise voting rights or to receive distributions on the Shares.

Effect of the express structure

Prospective investors should consider that the Certificates may according to the Terms and Conditions of the Certificates and under certain circumstances expire prior to the Expiration Date without any statement by the Issuer or the Certificateholder being required, so-called express structure. In case the Certificates expire prior to the Expiration Date, the Certificateholder is entitled to demand the payment of an amount in relation to the early expiration. However, the Certificateholder is not entitled to request any further payments on the Certificates after the Automatic Early Redemption Date.

The Certificateholder, therefore, bears the risk of not participating in the performance of the underlying to the expected extent and during the expected period and, therefore, receives less than its capital invested.

In case of an early expiration of the Certificates, the Certificateholder also bears the so-called risk of reinvestment. The Certificateholder may be able to re-invest any amount paid by the Issuer in case of

an early expiration, if any, at market conditions, which are less favourable than those existing prevailing at the time of the acquisition of the Securities.

Termination and Early Redemption at the option of the Issuer

Potential Certificateholders should furthermore be aware that the Issuer is, pursuant to the Terms and Conditions, entitled to terminate and redeem the Certificates in total prior to Maturity Date. In case the Issuer terminates and redeems the Certificates prior to Maturity Date, the Certificateholder is entitled to demand the payment of an amount in relation to this early redemption which may be lower to the amount originally invested. However, the Certificateholder is not entitled to request any further payments on the Certificates after the relevant termination date.

The Certificateholder, therefore, bears the risk of not participating in the performance of the underlying to the expected extent and during the expected period.

In case of a termination of the Certificates by the Issuer, the Certificateholder bears the risk of a reinvestment, i.e. the investor bears the risk that it will have to re-invest the amount, if any, paid by the Issuer in case of termination at market conditions, which are less favourable than those existing prevailing at the time of the acquisition of the Certificates.

General Risks in respect of Structured Certificates

In general, an investment in Certificates by which payments of interest, if any and/or redemption is determined by reference to the performance of on or more index/indices, equity security/equity securities, bond/bonds, commodity/commodities, currency/currencies, credit events, reference interest rate/rates or other security/securities, may entail significant risks not associated with similar investments in a conventional debt security. Such risks include the risks that the Certificateholder may receive no interest at all, or that the resulting interest rate may be less than that payable on a conventional debt security at the same time and/or that the Certificateholder could lose all or a substantial portion of the principal of his Certificates. In addition, potential investors should be aware that the market price of such Certificates may be very volatile (depending on the volatility of the relevant underlying/underlyings).

Neither the current nor the historical value of the relevant underlying/underlyings should be taken as an indication of future performance of such underlying/underlyings during the term of any Certificate.

No Capital Protection

Since the Certificates are not capital protected, potential investors may lose the totality of their investment.

II. Risk Factors Relating To The Issuer

As a global financial services provider, the business activities of UBS are affected by the prevailing market situation. Different risk factors can impair the company's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, UBS AG's revenues and earnings are and have been subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect UBS AG's ability to achieve its strategic objectives.

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Certificates constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The obligations of the Issuer created by the Certificates are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Certificateholders may, consequently, suffer a **total loss** of their investment in the Securities.

Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Certificates. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating

agencies such as Standard & Poor's, Fitch and Moody's. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Certificates.

Regulatory changes may adversely affect UBS's business and ability to execute its strategic plans

In the wake of the recent financial crisis, regulators and legislators have proposed and adopted, or continue to actively consider, a wide range of measures designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. These measures include:

- significantly higher regulatory capital requirements;
- changes in the definition and calculation of regulatory capital, including in the capital treatment of certain capital instruments issued by UBS and other banks;
- changes in the calculation of risk-weighted assets;
- new or significantly enhanced liquidity requirements;
- requirements to maintain liquidity and capital in multiple jurisdictions where activities are conducted;
- limitations on principal trading activities;
- limitations on risk concentrations and maximum levels of risk;
- taxes and government levies that would effectively limit balance sheet growth;
- a variety of measures constraining, taxing or imposing additional requirements relating to compensation;
- requirements to adopt structural and other changes designed to reduce systemic risk and to make major financial institutions easier to wind down or disassemble; and
- outright size limitations.

A number of measures have been adopted (or in the case of Basel III, the framework established) and will be implemented in the next several years, or in some cases are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there is a high level of uncertainty regarding a number of the measures described above. The timing and implementation of changes could have a material and adverse effect on UBS's business.

Notwithstanding attempts by regulators to coordinate their efforts, the proposals differ by jurisdiction and therefore enhanced regulation may be imposed in a manner that makes it more difficult to manage a global institution. The absence of a coordinated approach is also likely to disadvantage certain banks, such as UBS, as they attempt to compete with less strictly regulated peers based in other jurisdictions.

Swiss authorities have expressed concern about the systemic risks posed by the two largest Swiss banks, particularly in relation to the size of the Swiss economy and governmental resources.

Swiss regulatory change efforts are generally proceeding more quickly than those in other major jurisdictions, and the Swiss Financial Market Supervisory Authority ("**FINMA**"), the Swiss National Bank ("**SNB**") and the Swiss Federal Council have proposed requirements that would be more onerous and restrictive for major Swiss banks, such as UBS, than those adopted, proposed or publicly espoused by regulatory authorities in other major global banking centers. Following the July 2010 announcement of the broad agreement reached by the Basel Committee on Banking Supervision on total risk-based capital requirements amounting to 10.5%, the Commission of Experts appointed by the Swiss Federal Council issued a report in October 2010 recommending total risk-based capital of 19% for the two big Swiss banks. The measures recommended by the Commission of Experts, which also included requirements designed to reduce interconnectedness in the banking sector and

organizational requirements, have now been incorporated into legislative proposals that are scheduled to be considered in 2011 by the Swiss Parliament. The organizational measures included in the draft legislation would require each systemically relevant institution to develop a plan to ensure the continuation of systemically relevant functions within Switzerland, in the event that the institution approaches insolvency. It would empower FINMA to impose more far-reaching structural changes, such as the separation of lines of business into dedicated legal entities and restrictions on intra-group funding and guarantees, should any institution be deemed to have failed to develop an adequate plan. Senior Swiss regulatory officials have made public statements suggesting that broader structural changes of this kind should be adopted or at least seriously considered by the two big Swiss banks in any event.

This may lead to more burdensome regulations applicable to major banks headquartered in Switzerland in comparison with those based elsewhere. The potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on UBS's ability to execute its strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and on its ability to compete with other financial institutions. They could also have an impact on UBS's legal structure or its business model.

UBS's reputation is critical to the success of UBS's business

Damage to UBS's reputation can have fundamental negative effects on its business and prospects. As the events of the past few years have demonstrated, UBS's reputation is critical to the success of its strategic plans. Reputational damage is difficult to reverse. The process is slow and success can be difficult to measure. This was demonstrated in recent years as UBS's very large losses during the financial crisis, the US cross-border matter and other matters seriously damaged its reputation. This was an important factor in UBS's loss of clients and client assets across its asset-gathering businesses, and to a lesser extent in its loss of and difficulty in attracting staff. These developments had short-term and also more lasting adverse effects on UBS's financial performance. UBS recognizes that restoring its reputation would be essential to maintaining its relationships with clients, investors, regulators and the general public, as well as with its employees. Although there is evidence that the steps it has taken in the past couple of years to restore its reputation have been effective, its reputation has not been fully restored, and UBS remains vulnerable to the risk of further reputational damage. Any further reputational damage could have a material adverse effect on its operational results and financial condition and on its ability to achieve its strategic goals and financial targets.

UBS's capital strength is important in supporting its client franchise; changes in capital requirements are likely to constrain certain business activities in the Investment Bank

UBS's capital position, as measured by the BIS tier 1 and total capital ratios, is determined by (i) risk-weighted assets ("RWA") (balance sheet, off-balance sheet and other market and operational risk positions, measured and risk-weighted according to regulatory criteria) and (ii) eligible capital. Both RWA and eligible capital are subject to change. Eligible capital would be reduced if UBS experiences net losses, as determined for the purpose of the regulatory capital calculation. Eligible capital can also be reduced for a number of other reasons, including certain reductions in the ratings of securitization exposures, adverse currency movements directly affecting the value of equity and prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions. RWA, on the other hand, are driven by UBS's business activities and by changes in the risk profile of its exposures. For instance, substantial market volatility, a widening of credit spreads (the major driver of UBS's value-at-risk), a change in regulatory treatment of certain positions, adverse currency movements, increased counterparty risk or a deterioration in the economic environment could result in a rise in RWA. Any such reduction in eligible capital or increase in RWA could potentially reduce UBS's capital ratios, and such reductions could be material.

The required levels and calculation of UBS's regulatory capital and the calculation of its RWA are also subject to changes in regulatory requirements or the interpretation thereof.

UBS is subject to regulatory capital requirements imposed by FINMA, under which it has higher RWA than would be the case under BIS guidelines. Forthcoming changes in the calculation of RWA under Basel III and FINMA requirements will significantly increase the level of UBS's RWA and therefore have an adverse effect on its capital ratios. UBS has identified steps that it can take to mitigate the effects of the changes in the RWA calculation, but there is a risk that it will not be successful in doing so, either because UBS is unable to carry out fully the actions it has planned or because other business or regulatory developments counteract the benefit of these mitigating steps. UBS has also announced

that it intends to build its capital base by retaining earnings and by not paying dividends either in 2010 or for some time to come, but there is a risk that UBS will not have sufficient earnings to increase the level of its capital as quickly as it has planned or as may be necessary to satisfy new capital requirements.

In addition to the risk-based capital requirements, FINMA has introduced a minimum leverage ratio, which must be achieved by 1 January 2013 at the latest. The leverage ratio operates separately from the risk-based capital requirements, and accordingly under certain circumstances could constrain UBS's business activities even if UBS is able to satisfy the risk-based capital requirements.

Changes in the Swiss requirements for risk-based capital or leverage ratios, whether pertaining to the minimum levels required for large Swiss banks or to the calculation thereof (including changes made to implement the recent recommendations of the Swiss Commission of Experts), could have a material adverse effect on UBS's business and ability to execute its strategic plans or pay dividends in the future. This is particularly the case if its plans to take mitigating actions to reduce risk-weighted assets and to satisfy future capital requirements through retained earnings are not successful. Moreover, changes in the calculation and level of capital requirements, coupled in some cases with other regulatory changes, are likely to render uneconomic certain capital-intensive businesses conducted in the Investment Bank, or to make their effective returns so low that they might no longer be viable. If some business activities of the Investment Bank are significantly reduced or discontinued, this could adversely affect UBS's competitive position, particularly if competitors are subject to different requirements under which those activities would remain sustainable.

UBS holds risk positions that may be adversely affected by conditions in the financial markets

UBS, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and UBS recorded substantial losses on fixed income trading positions, particularly in 2008 and to a lesser extent in 2009. UBS has drastically reduced its risk exposures from 2008 through 2010, in part through transfers in 2008 and 2009 to a fund controlled by the Swiss National Bank. UBS does, however, continue to hold legacy risk positions that are exposed to the general systemic and counterparty risks that were exacerbated by the financial crisis. The continued illiquidity of most of these legacy risk positions makes it increasingly difficult to reduce its legacy risk exposures.

During the financial crisis, UBS incurred large losses (realized and mark to market) on its holdings of securities related to the US residential mortgage market. Although UBS's exposure to that market was reduced dramatically from 2008 through 2010, UBS remains exposed to a smaller degree to such losses, most notably through monoline-insured positions.

The financial crisis also caused market dislocations that affected, and to a degree still affect, other asset classes. In 2008 and 2009, UBS recorded markdowns on other assets carried at fair value, including auction rate securities ("**ARS**"), leveraged finance commitments, commercial mortgages in the US and non-US mortgage-backed and asset-backed securities ("**ABS**"). UBS has a very large inventory of ARS which is subject to changes in market values. The portion of UBS's ARS inventory that has been reclassified as loans and receivables is subject to possible impairment due to changes in market interest rates and other factors. UBS holds positions related to real estate in countries other than the US, including a very substantial Swiss mortgage portfolio, and UBS could suffer losses on these positions. In addition, UBS is exposed to risk in its prime brokerage, reverse repo and lombard lending activities, as the value or liquidity of the assets against which UBS provides financing may decline rapidly.

Performance in the financial services industry depends on the economic climate

The financial services industry prospers in conditions of economic growth, stable geopolitical conditions, transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, inflation or a severe financial crisis (as seen in the last few years) can negatively affect UBS's revenues and ultimately its capital base.

A market downturn can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impacts well beyond the countries in which they occur. A crisis could

develop, regionally or globally, as a result of disruptions in emerging markets which are susceptible to macroeconomic and political developments, or as a result of the failure of a major market participant. UBS has material exposures to certain emerging market economies, both as a wealth manager and as an investment bank. As UBS's presence and business in emerging markets increases, and as its strategic plans depend more heavily upon its ability to generate growth and revenue in the emerging markets, UBS becomes more exposed to these risks. The bond market dislocations affecting the sovereign debt of certain European countries, particularly in 2010, demonstrate that such developments even in more developed markets can have similarly unpredictable and destabilizing effects. Adverse developments of these kinds have affected UBS's businesses in a number of ways, and may continue to have further adverse effects on its businesses as follows:

- a general reduction in business activity and market volumes would affect fees, commissions and margins from market making and client-driven transactions and activities;
- a market downturn is likely to reduce the volume and valuations of assets UBS manages on behalf of clients, reducing its asset- and performance-based fees;
- reduced market liquidity limits trading and arbitrage opportunities and impedes UBS's ability to manage risks, impacting both trading income and performance-based fees;
- assets UBS owns and accounts for as investments or trading positions could fall in value;
- impairments and defaults on credit exposures and on trading and investment positions could increase, and losses may be exacerbated by falling collateral values; and
- if individual countries impose restrictions on cross-border payments or other exchange or capital controls, UBS could suffer losses from enforced default by counterparties, be unable to access its own assets, or be impeded in – or prevented from – managing its risks.

Because UBS has very substantial exposures to other major financial institutions, the failure of any such institution could have a material effect on UBS.

The developments mentioned above can materially affect the performance of UBS's business units and of UBS as a whole. There is also a related risk that the carrying value of goodwill of a business unit might suffer impairments and deferred tax assets levels may need to be adjusted.

UBS's global presence subjects it to risk from currency fluctuations

UBS prepares its consolidated financial statements in Swiss francs. However, a substantial portion of its assets, liabilities, invested assets, revenues and expenses are denominated in other currencies, particularly the US dollar, the euro and the British pound. Accordingly, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar revenue represents the major part of UBS's non-Swiss franc revenue) have an effect on its reported income and invested asset levels. During 2010, a strengthening of the Swiss franc, especially against the US dollar and euro, had an adverse effect on UBS's revenues and invested assets. Since exchange rates are subject to constant change, sometimes from completely unpredictable reasons, UBS's results are subject to risks associated with changes in the relative values of currencies.

UBS is dependent upon its risk management and control processes to avoid or limit potential losses in its trading and counterparty credit businesses

Controlled risk-taking is a major part of the business of a financial services firm. Credit is an integral part of many of UBS's retail, wealth management and Investment Bank activities. This includes lending, underwriting and derivatives businesses and positions. Changes in interest rates, credit spreads, equity prices, foreign exchange levels and other market fluctuations can adversely affect UBS's earnings. Some losses from risk-taking activities are inevitable, but to be successful over time, UBS must balance the risks it takes against the returns it generates. UBS must therefore diligently identify, assess, manage and control its risks, not only in normal market conditions but also as they might develop under more extreme (stressed) conditions, when concentrations of exposures can lead to severe losses.

As seen during the recent market crisis, UBS is not always able to prevent serious losses arising from extreme or sudden market events that are not anticipated by its risk measures and systems. Value-at-

risk, a statistical measure for market risk, is derived from historical market data, and thus by definition could not have predicted the losses seen in the stressed conditions during the financial crisis. Moreover, stress loss and concentration controls and the dimensions in which UBS aggregates risk to identify potentially highly correlated exposures proved to be inadequate. Notwithstanding the steps UBS has taken to strengthen its risk management and control framework, UBS could suffer further losses in the future if, for example:

- UBS does not fully identify the risks in its portfolio, in particular risk concentrations and correlated risks;
- UBS's assessment of the risks identified or its response to negative trends proves to be inadequate or incorrect;
- markets move in ways that UBS does not expect – in terms of their speed, direction, severity or correlation – and UBS's ability to manage risks in the resultant environment is therefore affected;
- third parties to whom UBS has credit exposure or whose securities UBS holds for its own account are severely affected by events not anticipated by its models, and UBS accordingly suffers defaults and impairments beyond the level implied by its risk assessment; or
- collateral or other security provided by UBS's counterparties proves inadequate to cover their obligations at the time of their default.

UBS also manages risk on behalf of its clients in its asset and wealth management businesses. UBS's performance in these activities could be harmed by the same factors. If clients suffer losses or the performance of their assets held with UBS is not in line with relevant benchmarks against which clients assess investment performance, UBS may suffer reduced fee income and a decline in assets under management or withdrawal of mandates.

If UBS decides to support a fund or another investment that UBS sponsors in its asset or wealth management business (such as the property fund to which Wealth Management & Swiss Bank has exposure), UBS might, depending on the facts and circumstances, incur charges that could increase to material levels.

Investment positions, such as equity holdings made as a part of strategic initiatives and seed investments made at the inception of funds that UBS manages, may also be affected by market risk factors.

These investments are often not liquid and are generally intended or required to be held beyond a normal trading horizon. They are subject to a distinct control framework. Deteriorations in the fair value of these positions would have a negative impact on UBS's earnings.

Valuations of certain assets rely on models. For some of the inputs to these models there is no observable source

Where possible, UBS marks its trading book assets at their quoted market price in an active market. Such price information may not be available for certain instruments and UBS therefore applies valuation techniques to measure such instruments. Valuation techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. In the case of positions for which some or all of the reference data are not observable or have limited observability, UBS uses valuation models with non-market observable inputs. There is no single market standard for valuation models of this type. Such models have inherent limitations; different assumptions and inputs would generate different results, and these differences could have a significant impact on UBS's financial results. UBS regularly reviews and updates its valuation models to incorporate all factors that market participants would consider in setting a price, including factoring in current market conditions. Judgment is an important component of this process. Changes in model inputs or in the models themselves, or failure to make the changes necessary to reflect evolving market conditions, could have a material adverse effect on UBS's financial results.

UBS is exposed to possible further reduction in client assets in its wealth management and asset management businesses

In 2008 and 2009, UBS experienced substantial net outflows of client assets in its wealth management and asset management businesses. UBS's wealth management businesses continued to experience net outflows in the first half of 2010, albeit at significantly reduced levels. The net outflows resulted from a number of different factors, including UBS's substantial losses, the damage to its reputation, the loss of client advisors, difficulty in recruiting qualified client advisors and developments concerning its crossborder private banking business. Some of these factors have been successfully addressed, but others, such as the long-term changes affecting the cross-border private banking business model, will continue to affect client flows for an extended period of time. If UBS again experiences material net outflows of client assets, the results of its wealth management and asset management businesses are likely to be adversely affected.

Liquidity and funding management are critical to UBS's ongoing performance

Reductions in UBS's credit ratings can increase its funding costs, in particular with regard to funding from wholesale unsecured sources, and can affect the availability of certain kinds of funding. In addition, as UBS experienced in 2008 and 2009, ratings downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to its derivatives businesses. UBS's credit ratings also contribute, together with its capital strength and reputation, to maintaining client and counterparty confidence.

A substantial part of UBS's liquidity and funding requirements is met using short-term unsecured funding sources, including wholesale and retail deposits and the regular issuance of money market securities. The volume of these funding sources has generally been stable, but could change in the future due, among other things, to general market disruptions. Any such change could occur quickly.

Due to recent changes in Swiss regulatory requirements, and due to liquidity requirements imposed by certain jurisdictions in which UBS operates, it has been required to maintain substantially higher levels of liquidity overall than had been UBS's usual practice in the past. Like increased capital requirements, higher liquidity requirements make certain lines of business, particularly in the Investment Bank, less attractive and may reduce UBS's overall ability to generate profits.

Operational risks may affect UBS's business

All of UBS's businesses are dependent on its ability to process a large number of complex transactions across multiple and diverse markets in different currencies, and to comply with the requirements of the many different legal and regulatory regimes to which UBS is subject. UBS's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities, including those arising from process error, failed execution, unauthorized trading, fraud, system failures and failure of security and physical protection, are appropriately controlled. If UBS's internal controls fail or prove ineffective in identifying and remedying such risks, UBS could suffer operational failures that might result in material losses.

Legal claims and regulatory risks and restrictions arise in the conduct of UBS's business

Due to the nature of UBS's business, it is subject to regulatory oversight and liability risk. UBS is involved in a variety of claims, disputes, legal proceedings and government investigations in jurisdictions where UBS is active. These types of proceedings expose UBS to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory restrictions on its businesses. The outcome of these matters cannot be predicted and they could adversely affect UBS's future business. UBS continues to be subject to government inquiries and investigations, and is involved in a number of litigations and disputes, many of which arose out of the financial crisis. These matters concern, among other things, UBS's valuations, accounting classifications, disclosures, writedowns and contractual obligations. UBS is also subject to potentially material exposure in connection with claims relating to US residential mortgage-backed securities ("RMBS") and mortgage loan sales, the Madoff investment fraud, Lehman principal protection Certificates and other matters.

UBS has been in active dialogue with its regulators concerning the remedial actions that UBS is taking to address deficiencies in its risk management and control, funding and certain other processes and systems. UBS continues to be subject to increased scrutiny by FINMA and its other major regulators, and accordingly is subject to regulatory measures that might affect the implementation of its strategic plans.

UBS might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth. Barriers to entry in individual markets are being eroded by new technology. UBS expects these trends to continue and competition to increase in the future.

UBS's competitive strength and market position could be eroded if UBS is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies or is unable to attract or retain the qualified people needed to carry them out. The changes recently introduced in UBS's balance sheet management, funding framework and risk management and control, as well as possible new or enhanced regulatory requirements, may constrain the revenue contribution of certain lines of business. For example, parts of the Investment Bank's fixed income, currencies and commodities business may be affected as they require substantial funding and are capital-intensive.

The amount and structure of UBS's employee compensation are affected not only by its business results but also by competitive factors and regulatory guidance. Constraints on the amount of employee compensation, higher levels of deferral and claw-backs and performance conditions may adversely affect UBS's ability to retain and attract key employees, and may in turn negatively affect its business performance. For the performance years 2009 and 2010, the portion of variable compensation granted in the form of deferred shares was much higher than in the past, and the percentage of compensation deferred was higher than that of many of UBS's competitors. UBS continues to be subject to the risk that key employees will be attracted by competitors and decide to leave UBS, or that UBS may be less successful than its competitors in attracting qualified employees. Although changes in regulatory requirements and pressure from regulators and other stakeholders affect not only UBS but also the other major international banks, the constraints and pressures differ by jurisdiction, and this may give some of its peers a competitive advantage.

UBS is exposed to risks arising from the different regulatory, legal and tax regimes applicable to its global businesses

UBS operates in more than 50 countries, earns income and holds assets and liabilities in many different currencies and is subject to many different legal, tax and regulatory regimes. UBS's ability to execute its global strategy depends on obtaining and maintaining local regulatory approvals. This includes the approval of acquisitions or other transactions and the ability to obtain and maintain the necessary licenses to operate in local markets. Changes in local tax laws or regulations and their enforcement may affect the ability or the willingness of UBS's clients to do business with the bank, or the viability of its strategies and business model.

The effects of taxes on UBS's financial results are significantly influenced by changes in its deferred tax assets and final determinations on audits by tax authorities

The deferred tax assets UBS has recognized on its balance sheet as of 31 December 2010 in respect of prior years' tax losses are based on profitability assumptions over a five-year horizon. If the business plan earnings and assumptions in future periods substantially deviate from the current outlook, the amount of deferred tax assets may need to be adjusted in the future. This could include write-offs of deferred tax assets through the income statement if actual results come in substantially below the business plan forecasts and / or if future business plan forecasts are substantially revised downwards.

In the coming years, UBS's effective tax rate will be highly sensitive both to its performance and to the development of new business plan forecasts. Currently unrecognized deferred tax assets in the UK and especially the US could be recognized if UBS's actual and forecasted performance in those countries is strong enough to justify further recognition of deferred tax assets under the governing accounting standard. UBS's results in recent periods have demonstrated that changes in the recognition of deferred tax assets can have a very significant effect on its reported results. If, for example, the Group's performance in the UK and especially in the US is strong, UBS could be expected to write up additional US and / or UK deferred tax assets in the coming years. The effect of doing so would reduce the Group's effective tax rate, possibly to zero or below. Conversely, if UBS's performance in those countries does not justify additional deferred tax recognition, but nevertheless supports its maintaining current deferred tax levels, UBS expects the Group's effective tax rate to be in the range of 20% or slightly higher.

Additionally, the final effect of income taxes UBS accrues in the accounts is often only determined after the completion of tax audits (which generally takes a number of years) or the expiry of statutes of limitations. In addition, changes to, and judicial interpretation of, tax laws or policies and practices of tax authorities could cause the amount of taxes ultimately paid by UBS to materially differ from the amount accrued.

Potential conflicts of interest

The Issuer and affiliated companies may participate in transactions related to the Certificates in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Certificateholders and may have a positive or negative effect on the value of the Underlying or the creditworthiness of the Reference Entity or any other relevant underlying and consequently on the value of the Certificates. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Certificates. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and investors, in relation to obligations regarding the calculation of the price of the Certificates and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Securities, such as calculation agent, paying agent and administrative agent and/or index sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the relevant Underlying(s) or the reference obligation and/or the Reference Entity or any other relevant underlying; introduction of such competing products may affect the value of the Securities. The Issuer and its affiliated companies may receive non-public information relating to the Underlyings, the reference obligation and/or the Reference Entity or any other relevant underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Certificateholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying(s) or the Reference Entity or any other relevant underlying. Such activities could present conflicts of interest and may affect the value of the Securities.

Within the context of the offering and sale of the Securities, the Issuer or any of its affiliates may directly or indirectly pay fees in varying amounts to third parties, such as distributors or investment advisors, or receive payment of fees in varying amounts, including those levied in association with the distribution of the Securities, from third parties. Potential investors should be aware that the Issuer may retain fees in part or in full. The Issuer or, as the case may be, the Manager(s), upon request, will provide information on the amount of these fees.

ANHANG D

INFORMATION REGARDING TAXATION / INFORMATIONEN ZUR BESTEUERUNG

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposal of the Securities by Italian resident holders. It does not purport to be a complete analysis of all tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Securities, some of which may be subject to special rules. This summary is based upon Italian tax laws and practice in effect as at the date of this document, which may be subject to change, potentially with retroactive effect.

Prospective Securityholders should consult their own tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Securities.

1. Tax treatment of the Securities

The Securities may be subject to different tax regimes depending on whether:

- they represent a debt instrument qualify as bonds ("*obbligazioni*") or debentures similar to bonds ("*titoli similari alle obbligazioni*"), since they include an unconditional obligation to pay, at maturity, an amount not lower than their nominal value;
- they represent derivative financial instruments or bundles of derivative financial instruments, through which the Securityholders purchase indirectly underlying financial instruments; or
- they represent "atypical securities" not granting a full capital protection.

1.1 Securities representing bonds or debentures similar to bonds

Interest, premiums and other income (including the difference between the redemption amount and the issue price) arising from Securities that qualify as bonds ("*obbligazioni*") or debentures similar to bonds ("*titoli similari alle obbligazioni*"), since they include an unconditional obligation to pay, at maturity, an amount not lower than their nominal value, pursuant to Art. 44 of the Italian Income Tax Code, as amended and supplemented ("**TUIR**"), is considered as income deriving from the investment of capital (*Redditi di capitale*). Pursuant to article 44 of the TUIR, for Securities to qualify as *titoli similari alle obbligazioni* (debentures similar to bonds) they must incorporate an unconditional obligation to pay at maturity an amount not less than that therein indicated and they should not grant administrative rights in respect of the Issuer. Article 2 of Legislative Decree No. 239 of 1 April, 1996, as subsequently amended and supplemented, ("**Decree 239**") regulates the tax treatment of interest, premiums and other income arising from such Securities - issued, inter alia, by non-Italian resident issuers - as follows:

Italian resident Securityholders

Pursuant to Decree 239, where the Securities are owned by an Italian resident Securityholder which is:

- (i) an individual holding the Securities otherwise than in connection with entrepreneurial activity (unless he has entrusted the management of his financial assets, including the Securities, to an authorised intermediary and has opted for the application of the "*risparmio gestito*" regime according to Article 7 of Legislative Decree n. 461, as of 21 November, 1997, as amended ("**Decree 461**") – (see under "Capital gains tax", below); or
- (ii) a non-commercial partnership or professional association, (*società ed associazioni*) pursuant to Art. 5 of the TUIR, (other than limited partnerships (*società in accomandita semplice*), general partnerships (*società in nome collettivo*) and partnerships treated as such), de facto partnership not carrying out commercial activity; or
- (iii) a non-commercial private or public institution (*enti non commerciali*) pursuant to Articles 87 and 88 of the TUIR; or

(iv) an investor exempt from Italian corporate income taxation,

then interest, premium and other income relating to the Securities, accrued during the relevant holding period, are subject to a substitute tax withheld at source, referred to as "*imposta sostitutiva*", levied at the rate of 20 per cent..

If the Securityholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional income tax and may be deducted from the taxation on income due.

Under the current regime provided by Law Decree No. 351 of 25 September, 2001 converted into law with amendments by Law No. 410 of 23 November, 2001, payments of interest premium or other proceeds in respect of the Securities made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February, 1998, as amended and supplemented, and article 14-bis of Law No. 86 of 25 January, 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

Where an Italian resident Securityholders is (i) a company or similar commercial entity or a permanent establishment in Italy of a foreign corporation to which the Securities are effectively connected and (ii) the Securities are deposited with an authorised intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to general Italian corporate taxation.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the "Fund") or a SICAV, and the Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*. Indeed, from 1 July 2011, any income earned by Italian resident collective investment funds is taxed on the investors who subscribe the quotas of the funds, once the fund result is distributed (or the fund is closed or the units are redeemed).

Where an Italian resident Securityholder is a pension fund (subject to the regime provided for by articles 14, 14-bis, 14-ter and 14-quater, paragraph 1 of Legislative Decree No. 124 of 21 April, 1993) and the Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent substitute tax.

Pursuant to Decree 239, the *imposta sostitutiva* is applied by banks, società di intermediazione mobiliare (so called SIMs), fiduciary companies, società di gestione del risparmio (SGRs), stockbrokers and other qualified entities identified by a decree of the Ministry of Economy and Finance (each an Intermediary).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Securities.

For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities or in a change of the Intermediary with which the Securities are deposited.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian Intermediary paying interest to the Securityholders, or by the Issuer and the Securityholder is entitled to deduct the *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Securityholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Securityholder of interest or premium relating to the Securities provided that, if the Securities are held in Italy, the non-Italian

resident Securityholder declares itself to be a non-Italian resident according to Italian tax regulations and duly deposits the Securities with an Italian Intermediary.

1.2 Securities representing derivative financial instruments or bundles of derivative financial Instruments

Pursuant to Decree N° 461 of 21 November 1997, payments in respect of Securities qualifying as securitized derivative financial instruments received by Italian Securityholders as well as capital gains realized by Italian Securityholders (not engaged in entrepreneurial activities to which the Securities are connected) which are Italian resident individuals on any sale or transfer for consideration of the Securities or redemption thereof are subject to a 20 per cent. capital gains tax, which applies under the following taxation regime "*Regime della dichiarazione*", "*Regime del risparmio amministrato*" and "*Regime del risparmio gestito*" as described under paragraph "Capital Gains Tax" below.

Capital Gains Tax

A 20 per cent. substitute tax (*imposta sostitutiva*) is applicable on capital gains realized on the disposal of the Securities by Securityholders included among the following categories of Italian resident persons: (i) individuals not engaged in an entrepreneurial activity to which the securities are effectively connected, (ii) non commercial partnerships or de facto partnerships, (iii) private or public institutions not carrying out mainly or exclusively commercial activities, or (iv) investors exempt from Italian corporate taxation ("**IRES**").

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- (a) Under the *Regime della dichiarazione*, which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Securities are effectively connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any offsetable capital losses, realized by the Italian resident individual holding the Securities. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Securities carried out during any given fiscal year. Italian resident individuals holding the Securities not in connection with an entrepreneurial activity must report the overall amount of the capital gains realized in any fiscal year, net of any offsetable capital losses, in the annual tax return and pay the *imposta sostitutiva* on those gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding fiscal years. Carried forward capital losses in excess of capital gains realized prior to 1 January 2012 may be used against capital gains realised in any of the four succeeding tax years limitedly to 62,5% of their amount.
- (b) As an alternative to the tax declaration regime, Italian resident individual holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on any capital gain realized on each sale or redemption of the Securities (*Regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:
 - (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for *Regime del risparmio amministrato* being timely made in writing by the relevant Securityholder.

The depository must account for the *imposta sostitutiva* in respect of any capital gain realized on each sale or redemption of the Securities (as well as in respect of any capital gain realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *Regime del risparmio amministrato*, where a sale or redemption of the Securities results in a capital loss, which may be deducted from any capital gain subsequently realised, within the same Securities management, in the same fiscal year or in the following fiscal years up to the fourth. Capital losses realized prior to 1 January 2012 may be carried forward against capital gains realized

after such date within the same Securities management, according to the same conditions above described, limitedly to 62,5% of their amount. Under the *Regime del risparmio amministrato*, the Securityholder is not required to declare the capital gains in the annual tax return.

- (c) In the *Regime del risparmio gestito*, any capital gain realized by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at year end, subject to a 20 per cent. *imposta sostitutiva*, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding fiscal years. Any decrease in value of the managed assets accrued until 31 December 2011 may be carried forward against increase in value of the managed assets accrued after such date limitedly to 62,5% of their amount. The Securityholder is not required to report the capital gains realized in the annual tax return.

Any capital gain deriving from the sale or redemption of the Securities and realized by Italian resident companies (including Italian permanent establishments of foreign entities to which the Securities are connected), similar commercial entity, commercial partnership or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are effectively connected would not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and therefore subject to IRES (and, in certain circumstances, depending on the "status" of the Securityholder, also as part of the net value of the production for regional tax on business activities purposes ("**IRAP**")).

Capital gains realized on Securities held by Italian investment funds, Fondi Lussemburghesi Storici and SICAV will not be subject to any substitute tax, but will be included in the result of the relevant portfolio. Said result will not be subject to tax with the investment funds or the SICAV, but any distribution or any other income received upon redemption or disposal of the units or of the shares by the unitholders or shareholders may be subject to a withholding tax of 20 per cent..

Capital gains realized on Securities held by real estate funds to which the provisions of Law Decree N° 351 of 25 September 2001, as subsequently amended, apply, will neither be subject to any substitute tax nor to any other income tax with the fund. Generally any distribution or any other income received upon redemption or disposal of the units by the unitholders may be subject to a withholding tax of 20 per cent.

Capital gains on the Securities held by an Italian resident pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree N° 252 of 5 December 2005) will not be subject to the 20 per cent. *imposta sostitutiva*, but will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Capital gains realized by non-Italian resident Securityholders are not subject to Italian taxation provided that the Securityholder is resident in a white list country guaranteeing the exchange of information right with Italian tax authorities and fulfills certain formal requirements or Securities are held outside Italy or the capital gain is derived from transaction executed in regulated market.

1.3 Securities representing "Atypical securities"

In accordance with a different interpretation of the current legislation it is possible to consider the Securities - not falling within the categories of bonds (*obbligazioni*) or of securities similar to bonds (*titoli similari alle obbligazioni*) since they do not include an unconditional obligation to pay, at maturity, an amount not lower than their nominal value or to derivative financial instruments - as "Atypical securities" pursuant to Article 8 of Law Decree N° 512 of 30 September 1983. In this event any payment relating to the Securities may be subject to a withholding tax, levied at the rate of 20 per cent..

The 20 per cent. withholding tax is levied by any Italian resident entity which intervenes in the collection of payments on the Securities or in their repurchase or transfers. In case the payments on

the Securities are not received through any aforementioned Italian resident entity, Italian resident individual Securityholders are required to report the payments in their income tax return and subject them to a final withholding tax at 20 per cent. rate. Italian resident individual Securityholders may elect instead to pay ordinary income tax at the progressive rates applicable to them in respect of the payments; if so, the Italian resident individual Securityholders should generally benefit from a tax credit for any withholding tax possible applied outside Italy.

The 20 per cent. withholding tax does not apply to payments made to a non-Italian resident Securityholder and to an Italian resident Securityholder which is (i) a company (including Italian permanent establishments of foreign entities) or similar commercial entity, (ii) a commercial partnerships or (iii) a private or public institution carrying out commercial activities.

2. Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, ("Decree No. 262"), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding EUR 1,000,000;
- b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding EUR 100,000; and
- c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding EUR 1,500,000.

An anti-avoidance rule is provided by Law N° 383 of 18 October 2001 for any gift of assets (such as the Securities) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Decree N° 461 of 21 November 1997. In particular, if the donee sells the securities for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

3. Transfer tax

Contracts relating to the transfer of Securities are subject to a Euro 168 registration tax as follows: (i) public deeds and notarized deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

4. Tax Monitoring Obligations

Italian resident individuals, non commercial entities and non commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree N° 167 of 28th June, 1990 converted into law by Law Decree N° 227 of 4th August, 1990, for tax monitoring purposes:

- (a) the amount of Securities and other financial instruments held at the end of each tax year, if exceeding in the aggregate EUR 10,000.00; and
- (b) the amount of any transfers from abroad, towards abroad and occurring abroad, related to the Securities, occurring during each fiscal year, if these transfers exceed in the aggregate EUR 10,000.00. This also applies in the case that at the end of the fiscal year, Securities are no longer held by those persons.

Furthermore, the above reporting requirements is not required to comply with respect to Securities deposited for management with qualified Italian financial intermediaries and with respect to contracts entered into through their intervention, upon condition that the items of income derived from the Securities are received through the intervention of the same intermediaries.

5. EU Directive on the Taxation of Savings Income

5.1 *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income ("EU Savings Directive"), each Member State is required, to provide to the tax authorities of another EU 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 in that other EU Member State. However, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following an agreement by certain non-EU countries to exchange information relating to such payments. With regard to Belgium, the transitional period ended on 31 December 2010 since Belgium opted to apply the exchange of information mechanism.

Also, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States of the European Union, have adopted similar measures (either the 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 in an EU Member State. In addition, the Member States of the European Union have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident in one of those territories.

5.2 *Implementation in Italy of the EU Savings Directive*

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e., banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, Italian permanent establishments of non-Italian resident persons and any other Italian entity paying interest for professional or business reasons) shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Investors are also advised to consult their own tax advisor with regard to their personal tax implications resulting from such an investment.