

Final Terms

dated 9 January 2012

in connection with the Base Prospectus dated 28 November 2011
(as supplemented from time to time)

of

UBS AG, Jersey Branch
(the Jersey branch of UBS AG)



for the issue of

UBS Capital Protected Certificates

based on an index

ISIN SE0004386472

These final terms (the "**Final Terms**") provide additional information to the base prospectus (the "**Base Prospectus**") that was prepared in accordance with § 6 of the German Securities Prospectus Act ("**WpPG**").

Placeholders contained in the Base Prospectus were replaced in these Final Terms by concrete data, figures and characteristics of the Security upon their determination in the context of the specific security issue.

For each issue based on the Base Prospectus the Final Terms are published in a separate document that repeats certain information contained in the Base Prospectus in addition to the specific data, figures and characteristics of the specific security issue.

Complete information about the Issuer and the specific security issue require review of the Base Prospectus (as amended by possible supplements) in conjunction with the respective Final Terms.

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RISK FACTORS

The different risk factors associated with an investment in the Securities are outlined below. Which of these are relevant to the Securities issued under the Base Prospectus depends upon a number of interrelated factors, especially the type of Securities and of the Underlying. Investments in the Securities should not be made until all the factors relevant to the Securities have been acknowledged and carefully considered. When making decisions relating to investments in the Securities, potential investors should consider all information contained in the Prospectus and, **if necessary, consult their legal, tax, financial or other advisor.**

I. Issuer specific Risks

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 Securities 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 Securities are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Securityholders 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 Securities. 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 Securities.

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 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 notes 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 Securities in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Securityholders and may have a positive or negative effect on the value of the Underlying and consequently on the value of the Securities. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Securities. 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 Securities 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 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 Underlying, and neither the Issuer nor any of its affiliates undertakes to make this information available to Securityholders. In addition, one or more of the Issuer's affiliated companies may publish research reports on the Underlying. Such activities could present conflicts of interest and may negatively 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, upon request, will provide information on the amount of these fees.

II. Security specific Risks

Investing in the Securities involves certain risks. Among others, these risks may take the form of equity market, commodity market, bond market, foreign exchange, interest rate, market volatility and economic and political risks and any combination of these and other risks. The material risks are presented below. Prospective investors should be experienced with regard to transactions in instruments such as the Securities and in the Underlying. **Prospective investors should understand the risks associated with an investment in the Securities and shall only reach an investment decision, after careful considerations with their legal, tax, financial and other advisors of (i) the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances; (ii) the information set out in this document and (iii) the Underlying.** An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying, as the value of the Securities and, hence, any amount, if any, payable according to the Conditions of the Securities will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effects with regard to the Securities, so that the effect of a particular risk factor is not predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Securities.

Prospective investors of the Securities should recognise that the Securities **constitute a risk investment** which can lead to a **total loss** of their investment in the Securities. Even when the Securities are capital protected at maturity to the extent of the Minimum Amount and, hence, the risk of a loss is initially limited, the investor bears the risk of the Issuer's financial situation worsening. Potential investors must therefore be prepared and able to sustain a partial or even a **total loss** of the invested capital. Any investors interested in purchasing the Securities should assess their financial situation, to ensure that they are in a position to bear the **risks of loss** connected with the Securities.

None of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they **generate no regular income**. Therefore, potential reductions in the value of the Securities cannot be offset by any other income from the Securities.

It is expressly recommended that potential investors familiarise themselves with the specific risk profile of the product type described in this Prospectus and seek the advice of a professional, if necessary.

1. **Special risks related to specific features of the security structure**

Prior to investing in the Securities, prospective investors should note that the following special features of the Securities may have a negative impact on the value of the Securities or, as the case may be, on any amount, if any, payable according to the Conditions of the Securities and that the Securities accordingly have special risk profiles:

Extent of participation in the performance of the Underlying

The application of the Participation Factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders may not participate in the relevant performance by a 1:1 ratio, but by the proportion of the Participation Factor.

Accordingly the Securityholder participates in a **possible increase in the value** of the Underlying under proportionally only due to the lower proportion of the Participation Factor or, as the case may be, in a **possible decrease in the value** of the Underlying over proportionally due to the higher proportion of the Participation Factor.

Currency exchange rate risk

The Securityholder's right vested in the Securities is determined on the basis of a currency other than the Redemption Currency, currency unit or calculation unit, and also the value of the Underlying is determined in such a currency other than the Redemption Currency, currency unit or calculation unit. Potential investors should, therefore, be aware that investments in these Securities could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of the foreign currency, currency unit or calculation unit.

Such developments can additionally increase the Securityholders' exposure to losses, because an unfavourable performance of the relevant currency exchange rate may correspondingly decrease the value of the purchased Securities during their term or, as the case may be, the level of the Redemption Amount. Currency exchange rates are determined by factors of offer and demand on the international currency exchange markets, which are themselves exposed to economic factors, speculations and measures by governments and central banks (for example monetary controls or restrictions).

The capital protection only applies at the end of the term of the Securities

The Securities are as at the end of their term capital protected to the extent of the Minimum Amount, *i.e.* the investor receives at the end of the term disregarding the actual performance of the Underlying in any case the Minimum Amount. If an investor acquires the Securities at a price, which is higher than the Minimum Amount, the prospective investor should be aware that the capital protection only refers to the lower Minimum Amount. In this context, it has to be considered that the capital protection only applies at the end of the term, *i.e.* provided that the Securities have not been terminated.

The cash amount to be paid in the case of an early redemption of the Securities can be considerably below the amount, which would be payable as a minimum at the end of the term of the Securities, where the capital protection applies to the extent of the Minimum Amount.

Potential investors of the Securities should furthermore recognise that despite the capital protection to the extent of the Minimum Amount, the investor bears the risk of the Issuer's financial ability. Prospective investors must therefore be prepared and able to sustain a partial or even a total loss of the capital invested. Purchasers of the Securities should in any case assess their financial situation, to ensure that they are in a position to bear the risks of loss connected with the Securities.

2. **Termination and Early Redemption at the option of the Issuer**

Potential investors in the Securities should furthermore be aware that the Issuer is in the case of the occurrence of a Termination Event pursuant to the Conditions of the Securities, entitled to terminate and redeem the Securities in total prior to the Maturity Date. In case the Issuer terminates and redeems the Securities prior to the Maturity Date, the Securityholder is entitled to demand the payment of an amount in relation to this early redemption. However, the Securityholder is not entitled to request any further payments on the Securities after the Termination Date or the Tax Termination Date, as the case may be.

The Securityholder, 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 the case of a termination the Issuer shall pay to each Securityholder an amount in the Redemption Currency with respect to each Security held by it, which is determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the BGB and, if applicable, considering the then prevailing Price of the Underlying and the expenses of the Issuer caused by the termination, as the fair market price of a Security at the occurrence of the termination. When determining a fair market price of a Security, the Calculation Agent is entitled to consider all factors, including any adjustments of option contracts on the Underlying, without being bound to any third party measures or assessments, in particular any measures or assessments of any futures or options exchange. Due to the fact the Calculation Agent may take into consideration the market factors it considers to be relevant at its reasonable discretion pursuant to § 317 of the BGB without being bound to third party measures or assessments, it cannot be excluded that the amount determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the BGB as the fair market price of the Security at the occurrence of the termination - and, hence, the Termination Amount or, as the case may be, the Tax Termination Amount - can differ from the market price of comparable Securities relating to the Underlying, as determined by a third party.

In the case of a termination of the Securities by the Issuer, the Securityholder bears the risk of a reinvestment, *i.e.* the investor bears the risk that it will have to re-invest the Termination Amount or, as the case may be, the Tax Termination Amount, if any, paid by the Issuer in the case of termination at market conditions, which are less favourable than those existing prevailing at the time of the acquisition of the Securities.

3. No termination right of the Securityholders

The Securityholders do not have a termination right and the Securities may, hence, not be terminated by the Securityholders during their term. Prior to the maturity of the Securities the realisation of the economic value of the Securities (or parts thereof), if any, is, consequently and except for the Issuer's termination and early redemption of the Securities, only possible by way of selling the Securities.

The selling of the Securities requires that market participants are willing to acquire the Securities at a certain price. In case that no market participants are readily available, the value of the Securities may not be realised. The Issuer is not obligated under the issuance of these Securities towards the Securityholders to compensate for or to repurchase the Securities.

4. Possible fluctuations in the Price of the Underlying after termination of the Securities

In the event that the term of the Securities is terminated early by the Issuer pursuant to the Conditions of the Securities, potential investors of the Securities should note that any adverse fluctuations in the Price of the Underlying between the announcement of the termination by the Issuer and the determination of the Price of the Underlying relevant for the calculation of the then payable Termination Amount or the Tax Termination Amount, as the case may be, are borne by the Securityholders.

5. Adverse impact of adjustments of the Security Right

It cannot be excluded that certain events occur or certain measures are taken (by parties other than the Issuer) in relation to the Underlying, which potentially lead to changes to the Underlying or result in the underlying concept of the Underlying being changed, so-called potential adjustment events. In the case of the occurrence of a potential adjustment event, the Issuer shall be entitled to effect adjustments according to the Conditions of the Securities to account for these events or measures. These adjustments might have a negative impact on the value of the Securities.

6. Other factors affecting the value

The value of a Security is determined not only by changes in the Price of the Underlying, but also by a number of other factors. Since several risk factors may have simultaneous effects on the Securities, the effect of a particular risk factor cannot be predicted. In addition, several risk factors may have a compounding effect which may not be predictable. No assurance can be given with regard to the effect that any combination of risk factors may have on the value of the Securities.

These factors include the term of the Securities, the frequency and intensity of price fluctuations (volatility), as well as the prevailing interest rate and dividend levels. A decline in the value of the Security may therefore occur even if the Price of the Underlying remains constant.

Prospective investors of the Securities should be aware that an investment in the Securities involves a valuation risk with regard to the Underlying. They should have experience with transactions in securities with a value derived from the Underlying. The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include UBS corporate action, macro economic factors and speculation. In addition, the historical performance of the Underlying is not an indication of its future performance. Changes in the market price of the Underlying will affect the trading price of the Securities, and it is impossible to predict whether the market price of the Underlying will rise or fall.

7. Effect of ancillary costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Securities may result in charges, particularly in combination with a low order value, **which can substantially reduce any Redemption Amount, if any, to be paid under the Securities.** Before acquiring a Security, prospective investors should therefore inform themselves of all costs incurred through the purchase or sale of the Security, including any costs charged by their custodian banks upon purchase and maturity of the Securities.

8. Transactions to offset or limit risk

Prospective investors of the Securities should not rely on the ability to conclude transactions at any time during the term of the Securities that will allow them to offset or limit relevant risks. This depends on the market situation and the prevailing conditions. Transactions designed to offset or limit risks might only be possible at an unfavourable market price that will entail a loss for investors.

9. Trading in the Securities / Illiquidity

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid.

If so specified in this Prospectus, applications will be or have been made to the Security Exchange specified for admission or listing of the Securities. If the Securities are admitted or listed, no assurance is given that any such admission or listing will be maintained. The fact that the Securities are admitted to trading or listed does not necessarily denote greater liquidity than if this were not the case. If the Securities are not listed or traded on any exchange, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on the purchase and sale of the Securities in some jurisdictions. Additionally, the Issuer has the right (but no obligation) to purchase Securities at any time and at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

In addition, it cannot be excluded that the number of subscribed Securities is less than the Aggregate Nominal Amount of the Securities. There is the risk that due to the low volume of subscriptions in the Securities the liquidity of the Securities is lower than if all Securities were subscribed by investors.

The Manager intends, under normal market conditions, to provide bid and offer prices for the Securities of an issue on a regular basis. However, the Manager makes no firm commitment to the Issuer to provide liquidity by means of bid and offer prices for the Securities, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices.

Potential investors therefore should not rely on the ability to sell Securities at a specific time or at a specific price.

10. Form and governing law of the Securities

The Securities are cleared through Euroclear Sweden AB as the Clearing System and issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden AB in accordance with the relevant CA Rules. No physical notes, such as global temporary or permanent notes or definitive securities will be issued in respect of the Securities. The Securities are transferable in accordance with the relevant CA Rules. Such transfer becoming effective upon registration of the transfer in the records of the Clearing System. Securityholders will have to rely on the procedures of the Clearing System for transfer, payment and communication with the Issuer. Securityholders are not

entitled to request the delivery of definitive securities. The Issuer shall be entitled to obtain from the Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to the Securities.

The Securities are governed by German law, except for § 4 (1), (3) and (4) of the Conditions of the Securities which shall be governed by the laws of the Kingdom of Sweden.

The Issuer shall not be held liable under any circumstances for any acts and omissions of any Clearing System or any other relevant clearing system as well as for any losses which might occur to a Securityholder out of such acts and omissions and for the records relating to, or payments made in respect of, beneficial interests in the Securities in book-entry form in particular.

11. Pricing of Securities

Unlike most other securities the pricing of these Securities is regularly not based on the principle of offer and demand in relation to Securities, since the secondary market traders might quote independent bid and offer prices. This price calculation is based on price calculation models prevailing in the market, whereas the theoretical value of the Securities is, in principle, determined on the basis of the value of the Underlying and the value of other features attached to the Securities, each of which features may, in economic terms, be represented by another derivative financial instrument.

The potentially quoted prices do not necessarily correspond to the Securities' intrinsic value as determined by a trader.

12. 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. Therefore, Securityholders who wish to sell their Securities via a stock exchange or in the over-the-counter trading might sell at a price considerably lower than the actual price of the Securities at the time of their sale.

13. Borrowed funds

If the purchase of Securities is financed by borrowed funds and investors' expectations are not met, they not only suffer the loss incurred under the Securities, but in addition also have to pay interest on and repay the loan. This produces a substantial increase in investors' risk of loss. Investors of Securities should never rely on being able to redeem and pay interest on the loan through gains from a Securities transaction. Rather, before financing the purchase of a Security with borrowed funds, the investors' financial situations should be assessed, as to their ability to pay interest on or redeem the loan immediately, even if they incur losses instead of the expected gains.

14. The effect on the Securities of hedging transactions by the Issuer

The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions relating to the risks incurred in issuing the Securities. In such a case, the Issuer or one of its affiliated companies may conclude transactions that correspond to the Issuer's obligations arising from the Securities. Generally speaking, this type of transaction will be concluded before or on the Issue Date of the Securities, although these transactions can also be concluded after the Securities have been issued. The Issuer or one of its affiliated companies may take the necessary steps for the closing out of any hedging transactions, on or prior to the relevant Valuation Date. It cannot be excluded that the Price of the Underlying might, in certain cases, be affected by these transactions. In the case of Securities whose value depends on the occurrence of a specific event in relation to the Underlying, entering into or closing out such hedging transactions may affect the likelihood of this event occurring or not occurring.

15. Changes in Taxation in relation to the Securities

The considerations concerning the taxation of the Securities set forth in this Prospectus reflect the opinion of the Issuer on the basis of the legal situation identifiable as of the date hereof. However, a different tax treatment by the fiscal authorities and tax courts cannot be precluded. In addition, the tax considerations set forth in this Prospectus cannot be the sole basis for the assessment of an investment in the Securities from a tax point of view, as the individual circumstances of each investor also have to be taken into account. Therefore, the tax considerations set forth in this Prospectus are not to be deemed any form of definitive information or tax advice or any form of assurance or guarantee with

respect to the occurrence of certain tax consequences. Each investor should seek the advice of his or her personal tax consultant before deciding whether to purchase the Securities.

Neither the Issuer nor the Manager assumes any responsibility vis-à-vis the Securityholders for the tax consequences of an investment in the Securities.

III. Underlying specific Risks

Investing in the Securities also involves certain risks that are related to the Underlying:

1. General risks related to the Underlying

Investors should be aware that some risks are related to the Underlying in general:

Risk of fluctuations in value

The performance of the Underlying is subject to fluctuations. Therefore, Securityholders cannot foresee what consideration they can expect to receive for the Securities they hold on a certain day in the future. When the Securities are redeemed, exercised or otherwise disposed of on a certain day, they may be worth a lot less than if they were disposed of at a later or earlier point in time.

Uncertainty about the future performance

It is not possible to reliably predict the future performance of the Underlying of the Securities. Likewise, the historical data of the Underlying does also not allow for any conclusions to be drawn about the future performance of the Underlying and the Securities.

2. Specific risks related to the Underlying

In addition, the following risks are specifically related to the Underlying:

No influence of the Issuer

The composition of the index used as the Underlying is determined by the index sponsor alone or in cooperation with other entities. The Issuer cannot influence the composition of the index.

In principle, the index sponsor is free to make changes to the composition or calculation of the index, which may have a negative effect on the performance of the Securities, or to permanently discontinue the calculation and publication of the index used as the Underlying without issuing a successor index.

Potential investors in the Securities should furthermore be aware that the Issuer is in case that the calculation and/or publication of the index used as the Underlying is permanently discontinued, pursuant to the Conditions of the Securities, entitled to terminate and redeem the Securities in total prior to the Maturity Date.

RESPONSIBILITY STATEMENT

UBS AG, having its registered offices at Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, as Issuer accepts responsibility for the content of this Prospectus and declares that the information contained in this Prospectus is, to the best of its knowledge, accurate and that no material facts have been omitted.

Where this Prospectus contains information obtained from third parties, such information was reproduced accurately, and to the best knowledge of the Issuer - as far as it is able to ascertain from information provided or published by such third party - no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer is liable for the Summary including any translation thereof contained in this Prospectus, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

The Issuer accents that following the date of publication of this Prospectus, events and changes may occur, which render the information contained in this Prospectus incorrect or incomplete. Supplemental information will only be published as required by and in a manner stipulated in section 16 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* - "**WpPG**") and, in the case of a listing of Securities at SIX Swiss Exchange ("**SIX**"), as required by and in a manner stipulated in the rules and regulations of SIX.

DESCRIPTION OF THE SECURITIES

The following description of the Securities includes a description of the entitlement and further features of the Securities, as provided for in the Terms and Conditions of the Securities, and terms and expressions defined in other parts of the Prospectus and not otherwise defined in this "Description of the Securities" shall have the same meanings in this part of the Prospectus.

I. Object of the Prospectus

The object of this Prospectus are UBS Capital Protected Certificates with the International Security Identification Number (as defined in the section "Key Terms and Definitions of the Securities"), issued by UBS AG, acting through its Jersey Branch, in accordance with German law, and issued in the Aggregate Nominal Amount (as defined in the section "Key Terms and Definitions of the Securities").

The Securities are each based on the index (the "**Underlying**"), as described in the sections "Key Terms and Definitions of the Securities" and "Information about the Underlying".

The Securities expire – provided that the Securities are not terminated in accordance with the Conditions of the Securities – on the Expiration Date (as defined in the section "Key Terms and Definitions of the Securities").

II. Entitlement under the Securities

With the purchase of each (1) Security, the investor acquires the right, under certain conditions and as provided for in the Conditions of the Securities, to demand from the Issuer the payment of a Settlement Amount in the Redemption Currency depending on the performance of the Underlying (the "**Redemption Amount**") (the "**Security Right**") all as defined in the section "Key Terms and Definitions of the Securities".

The Settlement Amount is at least equal to the capital protected Minimum Amount.

The Securityholders shall not be entitled to any interim payments. None of the Securities vests a right to payment of fixed or variable interest or dividends and, as such, they **generate no regular income**. Therefore, potential reductions in the value of the Securities cannot be offset by any other income from the Securities.

All payments relating to the Securities are made in the Redemption Currency (as defined in the section "Key Terms and Definitions of the Securities").

III. Dependency on the Underlying

The following features describe the dependency of the value of the Securities or, as the case may be, of any amount, if any, payable according to the Conditions of the Securities from the Underlying:

Extent of participation in the performance of the Underlying

The application of the Participation Factor within the determination of the Security Right results in the Securities being in economic terms similar to a direct investment in the Underlying, but being nonetheless not fully comparable with such a direct investment, in particular because the Securityholders may not participate in the relevant performance by a 1:1 ratio, but by the proportion of the Participation Factor.

Accordingly the Securityholder participates in a **possible increase in the value** of the Underlying under proportionally only due to the lower proportion of the Participation Factor or, as the case may be, in a **possible decrease in the value** of the Underlying over proportionally due to the higher proportion of the Participation Factor.

TERMS AND CONDITIONS OF THE SECURITIES

Wertpapierbedingungen

Die nachfolgenden Bedingungen der Wertpapiere, bestehend aus den produktspezifischen Besonderen Wertpapierbedingungen und den Allgemeinen Wertpapierbedingungen, sind in Zusammenhang mit und nach Maßgabe der „Ausstattungsmerkmale und Definitionen der Wertpapiere“ (die „**Bedingungen**“) zu lesen.

Die Bedingungen der Wertpapiere sind gegliedert in

- Teil 1: Ausstattungsmerkmale und Definitionen der Wertpapiere**
- Teil 2: Besondere Wertpapierbedingungen**
- Teil 3: Allgemeine Wertpapierbedingungen**

Terms and Conditions of the Securities

The following terms and conditions of the Securities, comprising the Special Conditions of the Securities and the General Conditions of the Securities, shall be read in conjunction with, and are subject to, the “Key Terms and Definitions of the Securities” (the “**Conditions**”).

The Conditions of the Securities are composed of

- Part 1: Key Terms and Definitions of the Securities**
- Part 2: Special Conditions of the Securities**
- Part 3: General Conditions of the Securities**

Wertpapierbedingungen Teil 1: Ausstattungsmerkmale und Definitionen der Wertpapiere /

Terms and Conditions of the Securities Part 1: Key Terms and Definitions of the Securities

Die Wertpapiere weisen folgende Definitionen bzw., vorbehaltlich einer Anpassung in Übereinstimmung mit den Bedingungen der Wertpapiere, folgende Ausstattungsmerkmale, jeweils in alphabetischer Reihenfolge (bezogen auf die deutsche Sprachfassung) dargestellt, auf. Diese Übersicht stellt keine vollständige Beschreibung der Wertpapiere dar, unterliegt den Bedingungen der Wertpapiere, den allgemeinen Emissionsbedingungen sowie allen anderen Abschnitten dieses Prospekts und ist in Verbindung mit diesen zu lesen. Die nachfolgende Verwendung des Symbols „*“ in den Ausstattungsmerkmalen und Definitionen der Wertpapiere gibt an, dass die entsprechende Festlegung von der Berechnungsstelle bzw. der Emittentin getroffen und danach unverzüglich gemäß den jeweiligen rechtlichen Anforderungen der maßgeblichen Rechtsordnung bekannt gemacht wird. /

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order (in relation to the German language version). The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities, the general offering terms of the Securities and all other sections of this Prospectus. The following use of the symbol "" in the Key Terms and Definitions of the Securities indicates that the relevant determination will be made by the Calculation Agent or the Issuer, as the case may be, and will be published without undue delay thereafter in accordance with the applicable legal requirements of the relevant jurisdiction.*

A.

Abrechnungskurs / Settlement Price:

Der Abrechnungskurs des Basiswerts entspricht dem von der Berechnungsstelle ermittelten arithmetischen Durchschnitt der an jedem der Beobachtungstage₀ jeweils festgestellten Kurse des Basiswerts zur Bewertungszeit. /

The Settlement Price of the Underlying equals the arithmetical average of the Prices of the Underlying on each of the Observation Dates₀ at the Valuation Time, as determined by the Calculation Agent.

Ausgabepreis / Issue Price:

Der Ausgabepreis entspricht 110 % des Nennbetrags. /

The Issue Price equals 110 % of the Nominal Amount.

Ausgabetag / Issue Date:

Der Ausgabetag bezeichnet den 8. März 2012.

Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Ausgabetag entsprechend verschieben. /

The Issue Date means 8 March 2012.

In the case of abbreviation or extension of the Subscription Period the Issue Date may be changed accordingly.

Auszahlungswährung / Redemption Currency:

Die Auszahlungswährung entspricht der Schwedischen Krone („SEK“). /

The Redemption Currency means Swedish Krona ("SEK").

B.

Bankgeschäftstag / Banking Day:

Der Bankgeschäftstag steht für jeden Tag, an dem die Banken in Frankfurt am Main, Bundesrepublik Deutschland, in London, Vereinigtes Königreich, in New York City, Vereinigte Staaten von Amerika, und in Stockholm, Schweden, für den Geschäftsverkehr geöffnet sind und das

Clearingsystem Wertpapiergeschäfte abwickelt. /

The Banking Day means each day on which the banks in Frankfurt am Main, Federal Republic of Germany, in London, United Kingdom, in New York City, United States of America, and in Stockholm, Sweden, are open for business and the Clearing System settles securities dealings.

Basispreis / Strike:

Der Basispreis des Basiswerts entspricht dem Kurs des Basiswerts am Festlegungstag zur Festlegungszeit.

Der Basispreis des Basiswerts wird am Festlegungstag zur Festlegungszeit festgelegt.* /

The Strike of the Underlying equals the Price of the Underlying at the Fixing Time on the Fixing Date.

*The Strike of the Underlying will be fixed at the Fixing Time on the Fixing Date.***

Basiswert / Underlying:

Der Basiswert entspricht dem S&P Global Infrastructure Daily Risk Control 15 % Excess Return (USD) Index (Bloomberg: SPGT15UE) (der „**Index**“), wie er von Standard and Poor's Corporation (der „**Index Sponsor**“) verwaltet, berechnet und veröffentlicht wird.

In diesem Zusammenhang werden die dem Basiswert zugrunde liegenden Werte bzw. Komponenten jeweils als „**Einzelwert**“ bzw. die „**Einzelwerte**“ bezeichnet. /

*The Underlying equals the S&P Global Infrastructure Daily Risk Control 15 % Excess Return (USD) Index (Bloomberg: SPGT15UE), as maintained, calculated and published by Standard and Poor's Corporation (the "**Index Sponsor**").*

*In this context, the individual underlying values or components of the Underlying are referred to as a "**Component**" or, as the case may be, the "**Components**".*

Basiswert-Berechnungstag / Underlying Calculation Date:

Der Basiswert-Berechnungstag steht für jeden Tag, an dem der Index Sponsor den offiziellen Kurs für den Index bestimmt, berechnet und veröffentlicht. /

The Underlying Calculation Date means each day, on which the Index Sponsor determines, calculates and publishes the official price of the Index.

Beginn des öffentlichen Angebots der Wertpapiere / Start of public offer of the Securities:

9. Januar 2012 in Schweden /

9 January 2012 in Sweden

Beobachtungstag / Observation Date:

Der Beobachtungstag steht für den jeweils 23. Kalendertag eines Kalendermonats, beginnend mit dem 23. Februar 2016 (einschließlich) (Beobachtungstag_(i=1)) bis zum Verfalltag (einschließlich) (Beobachtungstag_(i=13)).

Der Begriff „Beobachtungstag“ umfasst sämtliche Beobachtungstage_(i=1) bis _(i=13).

Falls einer dieser Tage kein Basiswert-Berechnungstag für den Basiswert ist, dann gilt der unmittelbar darauf folgende Basiswert-Berechnungstag als maßgeblicher Beobachtungstag für den Basiswert. /

The Observation Date means each 23rd day of a calendar month, beginning on 23 February 2016 (including) (Observation Date_(i=1)) and ending on the Expiration Date (including) (Observation Date_(i=13)).

The term "Observation Date" shall also refer to all Observation Dates_(i=1) to _(i=13).

If one of these days is not an Underlying Calculation Date in relation to the Underlying, the immediately succeeding Underlying Calculation Date is deemed to be the relevant Observation Date in relation to the Underlying.

Berechnungsstelle / Calculation Agent:

Die Berechnungsstelle bezeichnet UBS Deutschland AG, Bockenheimer Landstraße 2–4, 60306 Frankfurt am Main, Bundesrepublik Deutschland. /

The Calculation Agent means UBS Deutschland AG, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Federal Republic of Germany.

Bewertungstag / Valuation Date:

Der Bewertungstag entspricht dem maßgeblichen Beobachtungstag_(i). /

The Valuation Date means the relevant Observation Date_(i).

Bewertungszeit / Valuation Time:

Die Bewertungszeit entspricht dem Zeitpunkt der offiziellen Bestimmung des Schlusskurses des Basiswerts durch den Index Sponsor. /

The Valuation Time equals the time of the official determination of the closing price of the Underlying by the Index Sponsor.

C. Clearingsystem / Clearing System:

Clearingsystem steht für Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Schweden, in seiner Funktion als Zentralverwahrer gemäß dem schwedischen Financial Instruments Accounts Act (Schwed. lag (1998:1479) om kontoföring av finansiella instrument) oder jeden Nachfolger in dieser Funktion. /

Clearing System means Euroclear Sweden AB, Klarabergsviadukten 63, S-111 64 Stockholm, Sweden, in its capacity as central securities depositary under the Swedish Financial Instruments Accounts Act (Sw. lag (1998:1479) om kontoföring av finansiella instrument) or any successor in this capacity.

CS-Regeln / CA Rules:

CS-Regeln steht für das schwedische Gesetz für Finanzinstrumente (*lag (1998:1479) om kontoföring av finansiella instrument*) sowie für die Vorschriften und Verfahren, die auf das Clearingsystem Anwendung finden und/oder von diesem herausgegeben werden. /

CA Rules means the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument) as well as any regulation and operating procedure applicable to and/or issued by the Clearing System.

E.**Emissionsbegleiter / Issuing Agent:**

Der Emissionsbegleiter bezeichnet SEB Merchant Banking, Securities Services, S-106 40 Stockholm, Schweden, oder jeden Nachfolger in dieser Funktion. Solange ein Wertpapier ausstehend ist, wird es zu jeder Zeit einen Emissionsbegleiter geben, der unter den CS-Regeln in Bezug auf die Wertpapiere autorisiert ist. /

The Issuing Agent means SEB Merchant Banking, Securities Services, S-106 40 Stockholm, Sweden, or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.

Emittentin / Issuer:

Die Emittentin bezeichnet die UBS AG, Bahnhofstrasse 45, 8001 Zürich, Schweiz, und Aeschenvorstadt 1, 4051 Basel, Schweiz, handelnd durch ihre Niederlassung Jersey, 24 Union Street, Saint Helier, Jersey JE4 8UJ. /

The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its Jersey Branch, 24 Union Street, Saint Helier, Jersey JE4 8UJ.

F.**Fälligkeitstag / Maturity Date:**

Der Fälligkeitstag entspricht dem zehnten Bankgeschäftstag (i) nach dem maßgeblichen Bewertungstag, und (ii) im Fall einer Kündigung bzw. einer Steuer-Kündigung durch die Emittentin nach § 7 a bzw. b der Bedingungen der Wertpapiere nach dem Kündigungstag bzw. nach dem Steuer-Kündigungstag. /

The Maturity Date means the tenth Banking Day (i) after the relevant Valuation Date, and (ii) in the case of a Termination or a Termination for Tax Reasons, as the case may be, by the Issuer in accordance with § 7 a or b, as the case may be, of the Conditions of the Securities, after the Termination Date or the Tax Termination Date, as the case may be.

Festlegungstag / Fixing Date:

Der Festlegungstag bezeichnet den 23. Februar 2012.

Falls dieser Tag kein Basiswert-Berechnungstag für den Basiswert ist, dann gilt der unmittelbar darauf folgende Basiswert-Berechnungstag als Festlegungstag für den Basiswert.

Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Festlegungstag entsprechend verschieben. /

The Fixing Date means 23 February 2012.

If this day is not an Underlying Calculation Date in relation to the

Underlying the immediately succeeding Underlying Calculation Date is deemed to be the Fixing Date in relation to the Underlying.

In the case of abbreviation or extension of the Subscription Period the Fixing Date may be changed accordingly.

Festlegungszeit / Fixing Time:

Die Festlegungszeit entspricht dem Zeitpunkt der offiziellen Bestimmung des Schlusskurses des Basiswerts durch den Index Sponsor. /

The Fixing Time equals the time of the official determination of the closing price of the Underlying by the Index Sponsor.

FX-Faktor / FX Factor:

Der FX-Faktor entspricht dem Quotienten aus dem US-Dollar/Schwedische Krone („**USD/SEK**“) Währungswechselkurs an dem auf den Beobachtungstag_(i=13) unmittelbar folgenden Bankgeschäftstag („**FX_{End}**“), geteilt durch den USD/SEK Währungswechselkurs an dem dem Festlegungstag unmittelbar vorausgehenden Bankgeschäftstag („**FX_{Start}**“).

Der Währungswechselkurs wird ausgedrückt in Einheiten SEK je 1 Einheit USD.

„**FX_{Start}**“ und „**FX_{End}**“ werden von der Berechnungsstelle nach Ausübung billigen Ermessens gemäß § 317 des deutschen Bürgerlichen Gesetzbuchs („**BGB**“) bestimmt, abzielend auf das USD/SEK Fixing (mid), wie es um 16:00 Uhr GMT auf der Bloomberg-Seite „**WMCO**“ (oder eine diese Seite ersetzende Seite) veröffentlicht wird.

Sollte ein Währungswechselkurs nicht in der vorgesehenen Art und Weise festgestellt oder angezeigt werden bzw. sollte eine Marktstörung (§ 8 (3) (b) (iv) der Wertpapierbedingungen) vorliegen, ist die Berechnungsstelle berechtigt, als maßgeblichen Währungswechselkurs einen auf der Basis der dann geltenden Marktusancen ermittelten Währungswechselkurs festzulegen. /

*The FX Factor equals the quotient of the US Dollar/Swedish Krona (“**USD/SEK**“) currency exchange rate on the Banking Day immediately following the Observation Date_(i=13) (“**FX_{End}**“), divided by the USD/SEK currency exchange rate on the Banking Day immediately preceding the Fixing Date (“**FX_{Start}**“).*

The currency exchange rate is expressed in units SEK per 1 unit USD.

*„**FX_{Start}**“ and „**FX_{End}**“ will be determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the German Civil Code (“**BGB**“), targeting the USD/SEK fixing (mid), as published at 16:00 hrs GMT on Bloomberg page “**WMCO**“ (or a substitute page thereof).*

If a currency exchange rate is not determined or quoted in the manner described above or in case of a Market Disruption (§ 8 (3) (b) (iv) of the Terms and Conditions of the Securities), the Calculation Agent shall be entitled to identify a currency exchange rate, determined on the basis of the then prevailing market customs.

- G.**
Gesamtnennbetrag / Aggregate Nominal Amount:
- Der Gesamtnennbetrag entspricht SEK 20.000.000,00 (indikativ).
Der Gesamtnennbetrag wird am Festlegungstag festgelegt.* /
The Aggregate Nominal Amount equals SEK 20,000,000.00 (indicative).
*The Aggregate Nominal Amount will be fixed on the Fixing Date.***
- H.**
Hauptzahlstelle / Fiscal Agent:
- Die Hauptzahlstelle bezeichnet UBS Limited c/o UBS Deutschland AG, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main, Bundesrepublik Deutschland. /
The Fiscal Agent means UBS Limited c/o UBS Deutschland AG, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Federal Republic of Germany.
- K.**
Kleinste handelbare Einheit / Minimum Trading Size:
- Die Kleinste handelbare Einheit entspricht nominal SEK 10.000,00. /
The Minimum Trading Size equals nominal SEK 10,000.00.
- Kurs des Basiswerts / Price of the Underlying:**
- Der Kurs des Basiswerts entspricht dem von dem Index Sponsor berechneten und veröffentlichten offiziellen Schlusskurs des Basiswerts. /
The Price of the Underlying means the official closing price of the Underlying as calculated and published by the Index Sponsor.
- L.**
Laufzeit der Wertpapiere / Term of the Securities:
- Die Laufzeit der Wertpapiere steht für den Zeitraum beginnend am Ausgabetag und endend am Verfalltag zur Bewertungszeit. /
The Term of the Securities means the period, commencing on the Issue Date and ending on the Expiration Date at the Valuation Time.
- M.**
Manager / Manager:
- Manager bezeichnet UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, Vereinigtes Königreich. /
The Manager means UBS Limited, 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.
- Maßgebliche Börse / Relevant Exchange:**
- Die Maßgebliche Börse bezeichnet die Börse(n), an (der) (denen) aufgrund der Bestimmung des Index Sponsors die im Index enthaltenen Einzelwerte gehandelt werden. /
The Relevant Exchange means the stock exchange(s) on which the Components comprised in the Index are traded, as determined by the Index Sponsor.
- Maßgebliche Terminbörse /**
- Die Maßgebliche Terminbörse bezeichnet diejenige(n) Terminbörse(n),

Relevant Futures and Options Exchange:

an (der) (denen) der umsatzstärkste Handel in Bezug auf Termin- oder Optionskontrakte auf den Basiswert stattfindet. /

The Relevant Futures and Options Exchange means the futures and options exchange(s), on which futures and option contracts on the Underlying are primarily traded.

Mindestbetrag / Minimum Amount:

Der Mindestbetrag entspricht dem Nennbetrag. /

The Minimum Amount equals the Nominal Amount.

N. Nennbetrag (Stückelung) / Nominal Amount (Denomination):

Der Nennbetrag (Stückelung) je Wertpapier entspricht SEK 10.000,00. /

The Nominal Amount (Denomination) per Security equals SEK 10,000.00.

P. Partizipationsfaktor / Participation Factor:

Der Partizipationsfaktor entspricht 150 % (indikativ).

Der Partizipationsfaktor wird am Festlegungstag festgelegt.* /

The Participation Factor equals 150 % (indicative).

*The Participation Factor will be fixed on the Fixing Date.***

U. Übernahme- und/oder Platzierungsprovision / Underwriting and/or placing fee:

Keine /

None

V. Verfalltag / Expiration Date:

Der Verfalltag entspricht dem 23. Februar 2017. /

The Expiration Date means 23 February 2017.

W. Wertpapiere / Securities:

Wertpapiere bezeichnet die von der Emittentin im Umfang des Gesamtnennbetrags und in der Stückelung des Nennbetrags begebenen UBS Kapitalschutz Zertifikate.

Die Wertpapiere werden als nicht verurkundete und dematerialisierte, zur Registrierung in Form von Bucheinträgen bei dem Clearingsystem vorgesehene Rechte ausgegeben; die Ausstellung effektiver Wertpapiere ist ausgeschlossen. /

Securities means the UBS Capital Protected Certificates issued by the Issuer in the Aggregate Nominal Amount and with the denomination of the Nominal Amount.

The Securities are being issued in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System and will not be represented by definitive securities.

Wertpapier-Börse / Security Exchange:

Wertpapier-Börse bezeichnet die Nordic Derivatives Exchange (NDX). /
Security Exchange means Nordic Derivatives Exchange (NDX).

Wertpapier-Kenn-Nummern / Security Identification Codes:

ISIN: SE0004386472, WKN: UU03S1, Valor: 14539335 /
ISIN: SE0004386472, WKN: UU03S1, Valor: 14539335

Z.**Zahlstelle / Paying Agent:**

Die Zahlstelle bezeichnet die UBS Limited c/o UBS Deutschland AG, Bockenheimer Landstraße 2–4, 60306 Frankfurt am Main, Bundesrepublik Deutschland, und Skandinaviska Enskilda Banken, Stockholm (SEB), Rissneleden 110, S-106 40 Stockholm, Schweden. Der Begriff „Zahlstelle“ umfasst sämtliche Zahlstellen, einschließlich der Hauptzahlstelle. /

The Paying Agent means UBS Limited c/o UBS Deutschland AG, Bockenheimer Landstrasse 2–4, 60306 Frankfurt am Main, Federal Republic of Germany, and Skandinaviska Enskilda Banken, Stockholm (SEB), Rissneleden 100, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Fiscal Agent.

Zahltag bei Ausgabe / Initial Payment Date:

Der Zahltag bei Ausgabe bezeichnet den 8. März 2012.

Bei Verkürzung oder Verlängerung der Zeichnungsfrist kann sich der Zahltag bei Ausgabe entsprechend verschieben. /

The Initial Payment Date means 8 March 2012.

In the case of abbreviation or extension of the Subscription Period the Initial Payment Date may be changed accordingly.

Zeichnungsfrist / Subscription Period:

9. Januar bis 20. Februar 2012 (17:30 Uhr Ortszeit Stockholm).

Die Emittentin behält sich vor, die Zeichnungsfrist bei entsprechender Marktlage zu verkürzen oder zu verlängern. /

9 January until 20 February 2012 (17:30 hrs local time Stockholm).

The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.

**Wertpapierbedingungen Teil 2: Besondere
Wertpapierbedingungen**

**Terms and Conditions of the Securities Part 2:
Special Conditions of the Securities**

**§ 1
Wertpapierrecht**

- (1) Die Emittentin gewährt hiermit dem Wertpapiergläubiger (§ 4 (3)) von je einem (1) Wertpapier bezogen auf den Kurs des Basiswerts nach Maßgabe dieser Bedingungen das Recht (das „**Wertpapierrecht**“), den Abrechnungsbetrag (§ 1 (2)), auf zwei Dezimalstellen kaufmännisch gerundet, zu erhalten (der „**Auszahlungsbetrag**“).
- (2) Der „**Abrechnungsbetrag**“ wird in Übereinstimmung mit folgender Formel berechnet:

$$\text{Nennbetrag} + (\text{Nennbetrag} \times \text{FX-Faktor} \times \text{Partizipationsfaktor} \times \text{Performance})$$

wobei die „**Performance**“ in Übereinstimmung mit folgender Formel berechnet wird:

$$\text{MAX} \left(0; \left(\frac{\text{Abrechnungskurs} - \text{Basispreis}}{\text{Basispreis}} \right) \right)$$

Dabei entspricht der Abrechnungsbetrag mindestens dem kapitalgeschützten Mindestbetrag.

- (3) Sämtliche im Zusammenhang mit dem Wertpapierrecht vorzunehmenden Festlegungen und Berechnungen, insbesondere die Berechnung des Auszahlungsbetrags, erfolgen durch die Berechnungsstelle (§ 9). Die insoweit von der Berechnungsstelle getroffenen Festlegungen und Berechnungen sind, außer in Fällen offensichtlichen Irrtums, abschließend und für alle Beteiligten bindend.

§ 2

(Absichtlich freigelassen)

§ 3

(Absichtlich freigelassen)

**§ 1
Security Right**

- (1) The Issuer hereby warrants to the Securityholder (§ 4 (3)) of each (1) Security relating to the Price of the Underlying in accordance with these Conditions that such Securityholder shall have the right (the „**Security Right**“) to receive the Settlement Amount (§ 1 (2)) commercially rounded to two decimal places (the „**Redemption Amount**“).
- (2) The „**Settlement Amount**“ is calculated in accordance with the following formula:

$$\text{Nominal Amount} + (\text{Nominal Amount} \times \text{FX Factor} \times \text{Participation Factor} \times \text{Performance})$$

where the „**Performance**“ is calculated in accordance with the following formula:

$$\text{MAX} \left(0; \left(\frac{\text{Settlement Price} - \text{Strike}}{\text{Strike}} \right) \right)$$

The Settlement Amount is at least equal to the capital protected Minimum Amount.

- (3) Any determination and calculation in connection with the Security Right, in particular the calculation of the Redemption Amount, will be made by the Calculation Agent (§ 9). Determinations and calculations made in this respect by the Calculation Agent are final and binding for all participants except in the event of manifest error.

§ 2

(Intentionally left blank)

§ 3

(Intentionally left blank)

Wertpapierbedingungen Teil 3: Allgemeine Wertpapierbedingungen

§ 4

Form der Wertpapiere; Verzinsung und Dividenden; Eigentumsrecht und Übertragbarkeit; Status

- (1) Die Wertpapiere werden unverbrieft und dematerialisiert in Form von Bucheinträgen und registriert bei dem Clearingsystem gemäß den maßgeblichen CS-Regeln begeben. In Bezug auf die Wertpapiere werden keine effektiven Stücke wie vorläufige Globalurkunden, Dauerglobalurkunden oder Einzelurkunden ausgegeben. Die Emittentin ist berechtigt, von dem Clearingsystem auf Basis des Registers des Clearingsystems Informationen in Bezug auf die Wertpapiere zu erhalten, um ihren Verpflichtungen gemäß den Bedingungen nachzukommen.
- (2) Auf die Wertpapiere werden weder Zinsen noch Dividenden gezahlt.
- (3) „**Wertpapiergläubiger**“ bezeichnet die Person, auf deren Namen ein Wertpapier bei dem Clearingsystem eingetragen ist (einschließlich eines ordnungsgemäß bevollmächtigten Stellvertreters, der als solcher für das jeweilige Wertpapier eingetragen ist), oder eine andere Person, die gemäß den CS-Regeln als Wertpapiergläubiger anerkannt ist; werden die jeweiligen Wertpapiere von einem ordnungsgemäß bevollmächtigten Stellvertreter gehalten, gilt der Stellvertreter als Wertpapiergläubiger. Der Wertpapiergläubiger wird in jeder Hinsicht von der Emittentin, dem Emissionsbegleiter und den Wertpapierstellen (§ 9 (1)) als Berechtigter und Begünstigter bezüglich der in den Wertpapieren repräsentierten Rechte behandelt.
- (4) Das Recht an den Wertpapieren wird durch eine gemäß den maßgeblichen CS-Regeln ausgeführte Übertragung zwischen den Kontoinhabern bei dem Clearingsystem übertragen.
- (5) Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt.

§ 5

Tilgung; Vorlegungsfrist; Verjährung

- (1) Die Emittentin wird, vorbehaltlich einer Marktstörung (§ 8 (3)), die Zahlung des Auszahlungs-

Terms and Conditions of the Securities Part 3: General Conditions of the Securities

§ 4

Form of Securities; Interest and Dividends; Title and Transfer; Status

- (1) The Securities are issued in uncertificated and dematerialised book-entry form, and registered at the Clearing System in accordance with the relevant CA Rules. No physical notes, such as global temporary or permanent notes or definitive notes will be issued in respect of the Securities. The Issuer shall be entitled to obtain from the Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to the Conditions.
- (2) No interest and no dividends are payable on the Securities.
- (3) "**Securityholder**" means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, the Issuing Agent and the Security Agents (§ 9 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.
- (4) Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.
- (5) The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

§ 5

Settlement; Period of Presentation; Prescription

- (1) The Issuer will, subject to a Market Disruption (§ 8 (3)), procure that the payment of the

betrags bzw. des Kündigungsbetrags oder des Steuer-Kündigungsbetrags (§ 7 a bzw. b) in der Auszahlungswährung am Fälligkeitstag gemäß den maßgeblichen CS-Regeln veranlassen. Zahlungen des Auszahlungsbetrags, des Kündigungsbetrags bzw. des Steuer-Kündigungsbetrags und/oder sonstige Zahlungen gemäß den Bedingungen erfolgen in Übereinstimmung mit den zu diesem Zeitpunkt geltenden maßgeblichen CS-Regeln.

- (2) Die Emittentin wird mit der vorstehend beschriebenen Leistung an das Clearingsystem von den ihr unter diesen Bedingungen der Wertpapiere obliegenden Tilgungsverpflichtungen bzw. sonstigen Zahlungs- oder Lieferverpflichtungen befreit.
- (3) Alle im Zusammenhang mit der Tilgung der Wertpapiere bzw. sonstigen Zahlungs- oder Lieferverpflichtungen unter diesen Bedingungen der Wertpapiere gegebenenfalls anfallenden Steuern, Abgaben und/oder Kosten sind von dem jeweiligen Wertpapiergläubiger zu tragen und zu zahlen. Die Emittentin und die Zahlstelle sind berechtigt, jedoch nicht verpflichtet, von den erforderlichen Leistungen unter diesen Bedingungen etwaige Steuern, Abgaben und/oder Kosten einzubehalten, die von dem Wertpapiergläubiger gemäß vorstehendem Satz zu zahlen sind.
- (4) Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird auf zehn Jahre verkürzt.
- (5) Die Emittentin kann zur Deckung ihrer Verpflichtungen aus den Wertpapieren einen Deckungsbestand unterhalten. Der Deckungsbestand kann dabei nach der Wahl und dem freien Ermessen der Emittentin insbesondere aus dem Basiswert bzw. aus den darin enthaltenen Einzelwerten bzw. aus Optionen auf die vorgenannten Werte bestehen. Den Wertpapiergläubigern stehen jedoch keine Rechte oder Ansprüche in Bezug auf einen etwaigen Deckungsbestand zu.

§ 6 a

Anpassungen; Nachfolge-Index Sponsor; Nachfolge-Basiswert

- (1) Sollte der Index als Basiswert endgültig nicht mehr vom Index Sponsor verwaltet, berechnet und veröffentlicht werden, ist die Emittentin berechtigt, den Index Sponsor durch eine Person, Gesellschaft oder Institution, die für die Berechnungsstelle und die Emittentin nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) akzeptabel ist (der „**Nachfolge-Index Sponsor**“), zu ersetzen. In diesem Fall gilt dieser Nachfolge-Index Sponsor als Index Sponsor und jede in diesen Bedingungen enthaltene Bezugnahme auf den Index Sponsor als Bezugnahme auf den Nachfolge-Index Sponsor.

Redemption Amount or of the Termination Amount or of the Tax Termination Amount (§ 7 a or b), as the case may be, in the Redemption Currency occurs on the Maturity Date in accordance with the relevant CA Rules. Payments of the Redemption Amount, the Termination Amount or the Tax Termination Amount and/or any other amount payable under the Conditions, as the case may be, shall be made in accordance with the then applicable relevant CA Rules.

- (2) The Issuer shall be discharged from its redemption obligations or any other payment or delivery obligations under these Conditions of the Securities by delivery to the Clearing System in the manner described above.
- (3) All taxes, charges and/or expenses, if any, incurred in connection with the redemption of the Securities or any other payment or delivery obligations under these Conditions of the Securities shall be borne and paid by the relevant Securityholder. The Issuer and the Paying Agent, as the case may be, are entitled, but not obliged, to withhold from any required performance under these Conditions such taxes, charges and/or expenses as be paid by the Securityholder in accordance with the preceding sentence.
- (4) The period of presentation as established in § 801 section 1 sentence 1 of the BGB is reduced to ten years.
- (5) The Issuer may hold a coverage portfolio to cover its obligations under the Securities. The coverage portfolio may comprise the Underlying or the Components comprised therein, as the case may be, or options on these aforementioned assets, at the Issuer's option and unrestricted discretion. However, the Securityholders are not entitled to any rights or claims with respect to any coverage portfolio.

§ 6 a

Adjustments; Successor Index Sponsor; Successor Underlying

- (1) If the Index used as the Underlying is ultimately not maintained, calculated and published by the Index Sponsor any longer, the Issuer shall be entitled to replace the Index Sponsor by a person, company or institution, which is acceptable to the Calculation Agent and the Issuer at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) (the "**Successor Index Sponsor**"). In such case, the Successor Index Sponsor will be deemed to be the Index Sponsor and each reference in these Conditions to the Index Sponsor shall be deemed to refer to the Successor Index Sponsor.

- (2) Veränderungen in der Berechnung (einschließlich Bereinigungen) des Index oder der Zusammensetzung oder Gewichtung der Indexbestandteile, auf deren Grundlage der Basiswert berechnet wird, führen nicht zu einer Anpassung, es sei denn, dass das maßgebende Konzept und die Berechnung des Basiswerts infolge einer Veränderung (einschließlich einer Bereinigung) nach Auffassung der Emittentin und der Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) nicht mehr vergleichbar sind mit dem bisher maßgebenden Konzept oder der maßgebenden Berechnung des Index. Dies gilt insbesondere, wenn sich aufgrund irgendeiner Änderung trotz gleich bleibender Kurse der in dem Index enthaltenen Einzelwerte und ihrer Gewichtung eine wesentliche Änderung des Werts des Index ergibt. Eine Anpassung kann auch bei Aufhebung des Index und/oder seiner Ersetzung durch einen anderen Basiswert erfolgen. Zum Zweck einer Anpassung ermitteln die Emittentin und die Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) einen angepassten Wert je Einheit des Index, der bei der Bestimmung des Kurses des Basiswerts zugrunde gelegt wird und in seinem wirtschaftlichen Ergebnis der bisherigen Regelung entspricht, und bestimmen unter Berücksichtigung des Zeitpunkts der Veränderung den Tag, zu dem der angepasste Wert je Einheit des Index erstmals zugrunde zu legen ist. Der angepasste Wert je Einheit des Basiswerts sowie der Zeitpunkt seiner erstmaligen Anwendung werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.
- (2) Any changes in the calculation (including corrections) of the Index or of the composition or of the weighting of the Index components, on which the calculation of the Underlying is based, shall not lead to an adjustment unless the Issuer and the Calculation Agent, upon exercise of their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), determine that the underlying concept and the calculation (including corrections) of the Underlying are no longer comparable to the underlying concept or calculation of the Index applicable prior to such change. This applies especially, if due to any change the Index value changes considerably, although the prices and weightings of the components included in the Index remain unchanged. Adjustments may also be made as a result of the termination of the Index and/or its substitution by another underlying.
- For the purpose of making any adjustments, the Issuer and the Calculation Agent shall at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) determine an adjusted value per unit of the Index as the basis of the determination of the Price of the Underlying, which in its result corresponds with the economic result prior to this change, and shall, taking into account the time the change occurred, determine the day, on which the adjusted value per unit of the Index shall apply for the first time. The adjusted value per unit of the Underlying as well as the date of its first application shall be published without undue delay pursuant to § 11 of these Conditions.
- (3) Erlischt die Erlaubnis der Emittentin, den Index als Basiswert für die Zwecke der Wertpapiere zu verwenden oder wird der Index aufgehoben und/oder durch einen anderen Index ersetzt, legen die Emittentin und die Berechnungsstelle nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB), gegebenenfalls unter entsprechender Anpassung nach dem vorstehenden Absatz, fest, welcher Index künftig zugrunde zu legen ist (der „**Nachfolge-Basiswert**“). Der Nachfolge-Basiswert sowie der Zeitpunkt seiner erstmaligen Anwendung werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.
- (3) In the event that the authorisation of the Issuer to use the Index used as the Underlying for the purposes of the Securities is terminated or that the Index is terminated and/or replaced by another index, the Issuer and the Calculation Agent shall determine at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), after having made appropriate adjustments according to the paragraph above, which index shall be applicable in the future (the “**Successor Underlying**”). The Successor Underlying and the date it is applied for the first time shall be published without undue delay in accordance with § 11 of these Conditions.
- Any reference in these Conditions to the Underlying shall, to the extent appropriate, be deemed to refer to the Successor Underlying.
- Jede in diesen Bedingungen enthaltene Bezugnahme auf den Basiswert gilt dann, sofern es der Zusammenhang erlaubt, als Bezugnahme auf den Nachfolge-Basiswert.
- (4) Wenn der durch den Index Sponsor festgelegte und veröffentlichte Kurs des Index als Basiswerts im Nachhinein berichtigt wird, und die Berichtigung (der „**Berichtigte Kurs**“) von dem jeweiligen Index Sponsor nach der ursprünglichen Veröffentlichung, jedoch bis
- (4) In the event that the price of the Index used as the Underlying as determined and published by the Index Sponsor is subsequently corrected and the correction (the “**Corrected Price**”) is published by the Index Sponsor after the original publication, but until the Maturity Date

zum Fälligkeitstag (ausschließlich) bekanntgegeben und veröffentlicht wird, sind die Emittentin und die Berechnungsstelle berechtigt, nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB), unter Berücksichtigung des Berichtigten Kurses Anpassungen dieser Bedingungen vorzunehmen, um der Berichtigung Rechnung zu tragen. Die Anpassung sowie der Zeitpunkt ihrer erstmaligen Anwendung werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.

- (5) Anpassungen und Festlegungen nach den vorstehenden Absätzen werden durch die Emittentin nach billigem Ermessen (gemäß § 315 BGB) bzw. von der Berechnungsstelle nach billigem Ermessen (gemäß § 317 BGB), vorgenommen und von der Emittentin nach § 11 dieser Bedingungen bekannt gemacht. Anpassungen und Festlegungen sind (sofern nicht ein offensichtlicher Fehler vorliegt) für alle Beteiligten endgültig und bindend.
- (6) Das Recht der Emittentin zur Kündigung gemäß § 7 a bzw. b dieser Bedingungen bleibt hiervon unberührt.

§ 6 b

Anpassungen aufgrund der Europäischen Wirtschafts- und Währungsunion

- (1) Nimmt ein Land, unabhängig davon, ob ab 1999 oder später, an der dritten Stufe der Europäischen Wirtschafts- und Währungsunion teil, sind die Emittentin und die Berechnungsstelle berechtigt, nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) folgende Anpassungen dieser Bedingungen vorzunehmen:
- (i) Ist die Auszahlungswährung unter diesen Bedingungen eine von Euro abweichende nationale Währungseinheit eines Landes, das an der dritten Stufe der Europäischen Wirtschafts- und Währungsunion beteiligt ist, unabhängig davon, ob ab 1999 oder später, dann gilt die Auszahlungswährung als ein Betrag in Euro, der aus der ursprünglichen Auszahlungswährung zum rechtlich festgesetzten Wechselkurs und unter Anwendung der rechtlich festgesetzten Rundungsregeln in Euro umgetauscht wurde.
- Nach der Anpassung erfolgen sämtliche Zahlungen hinsichtlich der Wertpapiere in Euro, als ob in ihnen der Euro als Auszahlungswährung genannt wäre.
- (ii) Ist in diesen Bedingungen ein Währungsumrechnungskurs angegeben oder gibt eine Bedingung eine Währung eines Landes an, das an der dritten Stufe der Europäischen Wirtschafts- und Währungsunion beteiligt ist, unabhängig davon, ob ab 1999 oder später, gelten der

(exclusive), the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 11 of these Conditions.

- (5) The adjustments and determinations of the Issuer pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion (pursuant to § 315 of the BGB) or, as the case may be, by the Calculation Agent (pursuant to § 317 of the BGB) and shall be published by the Issuer in accordance with § 11 of these Conditions. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.
- (6) The Issuer's right of termination in accordance with § 7 a bzw. b of these Conditions remains unaffected.

§ 6 b

Adjustments due to the European Economic and Monetary Union

- (1) Where a country participates in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), shall be entitled to effect the following adjustments to these Conditions:
- (i) Where the Redemption Currency under these Conditions is the national currency unit other than Euro of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such Redemption Currency shall be deemed to be an amount of Euro converted from the original Redemption Currency into Euro at the statutory applicable exchange rate and subject to such statutory applicable rounding provisions.
- After the adjustment, all payments in respect of the Securities will be made solely in Euro as though references in the Securities to the Redemption Currency were to Euro.
- (ii) Where these Conditions contain a currency conversion rate or any of these Conditions are expressed in a currency of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such currency conversion rate and/or

angegebene Währungsumrechnungskurs und/oder sonstige Währungsangaben in diesen Bedingungen als Angabe in Euro, oder, soweit ein Währungsumrechnungskurs angegeben ist, als Kurs für den Umtausch in oder aus Euro unter Zugrundelegung des rechtlich festgesetzten Wechselkurses.

- (iii) Die Emittentin und die Berechnungsstelle können weitere Änderungen an diesen Bedingungen vornehmen, um diese ihrer Auffassung nach den dann gültigen Gepflogenheiten anzupassen, die für Instrumente mit Währungsangaben in Euro gelten.
 - (iv) Die Emittentin und die Berechnungsstelle können ferner solche Anpassungen dieser Bedingungen vornehmen, die sie nach billigem Ermessen (gemäß § 315 BGB bzw. § 317 BGB) für angebracht halten, um den Auswirkungen der dritten Stufe der Europäischen Wirtschafts- und Währungsunion gemäß dem Vertrag zur Gründung der Europäischen Gemeinschaft auf diese Bedingungen Rechnung zu tragen.
- (2) Die Emittentin und die Wertpapierstellen (§ 9) haften weder gegenüber den Wertpapiergläubigern noch gegenüber sonstigen Personen für Provisionen, Kosten, Verluste oder Ausgaben, die aus oder in Verbindung mit der Überweisung von Euro oder einer damit zusammenhängenden Währungsumrechnung oder Rundung von Beträgen entstehen.
 - (3) Anpassungen und Festlegungen nach den vorstehenden Absätzen werden durch die Emittentin nach billigem Ermessen (gemäß § 315 BGB) bzw. von der Berechnungsstelle nach billigem Ermessen (gemäß § 317 BGB), vorgenommen und von der Emittentin nach § 11 dieser Bedingungen bekannt gemacht. Anpassungen und Festlegungen sind (sofern nicht ein offensichtlicher Fehler vorliegt) für alle Beteiligten endgültig und bindend.

§ 7 a

Kündigung; Rechtsänderung; Hedging-Störung; Gestiegene Hedging-Kosten

- (1) Die Emittentin ist bei Vorliegen eines der nachstehenden Kündigungereignisse, berechtigt, sämtliche, aber nicht einzelne Wertpapiere durch eine Bekanntmachung gemäß § 11 dieser Bedingungen (i) unter Angabe des Kalendertags, zu dem die Kündigung wirksam wird (der „**Kündigungstag**“), und (ii) unter Wahrung einer Kündigungsfrist von mindestens einem Kalendermonat vor dem jeweiligen Kündigungstag, zu kündigen und vorzeitig zu tilgen (die „**Kündigung**“).
- (2) Ein „**Kündigungereignis**“ bezeichnet jedes

any other terms of these Conditions shall be deemed to be expressed in or, in the case of a currency conversion rate, converted for or, as the case may be, into, Euro at the statutory applicable exchange rate.

- (iii) The Issuer and the Calculation Agent are entitled to effect adjustments to these Conditions as they may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (iv) The Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) shall be entitled to effect such adjustments to these Conditions as they may determine to be appropriate to account for the effect of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community on these Conditions.

- (2) The Issuer and the Security Agents (§ 9) shall not be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (3) The adjustments and determinations of the Issuer pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion (pursuant to § 315 of the BGB) or, as the case may be, by the Calculation Agent (pursuant to § 317 of the BGB) and shall be published by the Issuer in accordance with § 11 of these Conditions. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

§ 7 a

Termination; Change in Law; Hedging Disruption; Increased Cost of Hedging

- (1) The Issuer shall in the case of the occurrence of one of the following Termination Events, be entitled to terminate and redeem all but not some of the Securities by giving notice in accordance with § 11 of these Conditions (i) specifying the calendar day, on which the Termination becomes effective (the „**Termination Date**“), and (ii) subject to a notice period of at least one calendar month prior to the relevant Termination Date (the „**Termination**“).
- (2) A „**Termination Event**“ means any of the

der folgenden Ereignisse:

- (i) Die Ermittlung und/oder Veröffentlichung des Kurses des Index wird endgültig eingestellt, oder der Emittentin oder der Berechnungsstelle wird eine entsprechende Absicht bekannt.
- (ii) Die Emittentin und die Berechnungsstelle sind nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine Anpassung dieser Bedingungen, aus welchen Gründen auch immer, nicht möglich ist, oder dass eine Anpassung dieser Bedingungen kein wirtschaftlich vernünftiges Ergebnis erreichen würde.
- (iii) Die Emittentin und die Berechnungsstelle sind nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine sonstige erhebliche Änderung der Marktbedingungen an der Maßgeblichen Börse eingetreten ist.
- (iv) Die Emittentin und die Berechnungsstelle sind nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine Rechtsänderung und/oder Hedging-Störung und/oder Gestiegenen Hedging-Kosten vorliegen.

Dabei gilt

„**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 von Transaktionen bzw. Vermögenswerten in Bezug auf den Basiswert rechtswidrig geworden ist oder (Y) die Kosten, die mit den Verpflichtungen unter den Wertpapieren 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 Ausgabetag 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

following events:

- (i) The determination and/or publication of the price of the Index is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (ii) It is, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), not possible, for whatever reason, to make adjustments to these Conditions or if an adjustment to these Conditions would not achieve a commercially reasonable result.
- (iii) In the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), another material change in the market conditions occurred in relation to the Relevant Exchange.
- (iv) In the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging occurred.

In this context:

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

“**Hedging Disruption**” means that the Issuer is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge price risks of issuing and performing its obligations with respect to the Securities, or (B) realise, recover or remit the proceeds of any such

Hinblick auf ihre Verpflichtungen aus den entsprechenden Wertpapieren 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 Ausgabebetrag einen wesentlich höheren Betrag an Steuern, Abgaben, Aufwendungen und Gebühren (außer Maklergebühren) entrichten muss, um (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 Wertpapieren 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.

- (3) Im Fall der Kündigung zahlt die Emittentin an jeden Wertpapiergläubiger bezüglich jedes von ihm gehaltenen Wertpapiers einen Geldbetrag in der Auszahlungswährung, der von der Berechnungsstelle gemäß § 317 BGB nach billigem Ermessen, gegebenenfalls unter Berücksichtigung des dann maßgeblichen Kurses des Basiswerts, als angemessener Marktpreis eines Wertpapiers bei Kündigung festgelegt wird (der „**Kündigungsbetrag**“).

§ 7 b Steuern; Steuer-Kündigung

- (1) Alle von der Emittentin nach diesen Bedingungen zahlbaren Beträge sind ohne Einbehalt oder Abzug an der Quelle von gegenwärtigen oder irgendwelchen zukünftigen Steuern, Gebühren oder Abgaben, die von oder in Jersey, dem Vereinigten Königreich oder von oder in den Ländern, in denen die Wertpapiere öffentlich angeboten werden, oder einer ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit erhoben werden („**Quellensteuern**“) zu zahlen, es sei denn, ein solcher Einbehalt oder Abzug von Quellensteuern ist gesetzlich vorgeschrieben. In diesem Fall zahlt die Emittentin, vorbehaltlich der nachfolgenden Regelungen, diejenigen zusätzlichen Beträge, die erforderlich sind, damit die Wertpapiergläubiger die Beträge erhalten, die sie ohne Quellensteuern erhalten hätten.
- (2) Die Emittentin ist jedoch nicht verpflichtet, solche zusätzlichen Beträge zu zahlen:
- wenn ein Wertpapiergläubiger solchen Steuern, Gebühren oder Abgaben auf die

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, 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 Securities, 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.

- (3) In the case of Termination the Issuer shall pay to each Securityholder an amount in the Redemption Currency with respect to each Security it holds, which is determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the BGB and, if applicable, considering the then prevailing Price of the Underlying, as the fair market price of a Security at the occurrence of Termination (the “**Termination Amount**”).

§ 7 b Taxes; Termination for Tax Reasons

- (1) All amounts payable by the Issuer under these Conditions are payable without any withholding or deduction at source of any present or future taxes, charges or duties imposed by or in Jersey, the United Kingdom or by or in those countries, in which the Securities are publicly offered, or by any political subdivision or any authority thereof having power to tax (“**Withholding Taxes**”), unless such withholding or deduction of Withholding Taxes is required by law. In this latter case, the Issuer will, subject to the following provisions, pay such additional amounts as are necessary in order that the amounts received by the Securityholders equal the amounts they would have received in the absence of any Withholding Taxes.
- (2) However, the Issuer will be not obliged to pay any such additional amounts:
- if a Securityholder is subject to such taxes, charges or duties on the Securities due to any

Wertpapiere wegen irgendeiner anderen Verbindung zu Jersey, dem Vereinigten Königreich oder den Ländern, in denen die Wertpapiere öffentlich angeboten werden, als allein der Tatsache unterliegt, dass er Wertpapiergläubiger ist;

- wenn solche Quellensteuern auf Zahlungen an einen Wertpapiergläubiger auf die Wertpapiere selbst oder jede Zahlung darauf auf der EU-Richtlinie über die Besteuerung von Kapitaleinkünften (2003/48/EG) vom 3. Juni 2003 („**EU-Zinsrichtlinie**“) beruhen. Gleiches gilt auch für jedes Gesetz oder jede andere rechtliche Maßnahme, welche die EU-Zinsrichtlinie umsetzt oder mit dieser übereinstimmt oder eingeführt wurde, um der EU-Zinsrichtlinie zu entsprechen;

- wenn Quellensteuern von dem Wertpapiergläubiger dadurch hätten vermieden werden können, dass er die Zahlungen auf die Wertpapiere, über eine andere Zahlstelle in einem EU-Mitgliedstaat zur Zahlung abgefordert hätte;

- die aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital, oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge gemäß § 1 dieser Bedingungen wirksam wird.

- (3) Die Emittentin ist jederzeit berechtigt, sämtliche Wertpapiere, jedoch nicht nur teilweise, mit einer Frist von nicht weniger als 30 Tagen und nicht mehr als 45 Tagen durch Mitteilung gemäß § 11 dieser Bedingungen und unter Angabe des Kalendertags, zu dem die Kündigung wirksam wird (der „**Steuer-Kündigungstag**“), zur Rückzahlung zu einem Geldbetrag je Wertpapier in der Auszahlungswährung, der von der Berechnungsstelle gemäß § 317 BGB nach billigem Ermessen, gegebenenfalls unter Berücksichtigung des dann maßgeblichen Kurses des Basiswerts und der durch die Kündigung bei der Emittentin angefallenen Kosten, als angemessener Marktpreis eines Wertpapiers bei Kündigung festgelegt wird (der „**Steuer-Kündigungsbetrag**“), zu kündigen, falls:

- die Emittentin bei der nächsten Zahlung nach diesen Bedingungen verpflichtet ist oder verpflichtet sein wird, als Ergebnis einer Änderung oder Ergänzung in den Gesetzen oder Vorschriften in Jersey, dem Vereinigten Königreich oder den Ländern, in denen die Wertpapiere öffentlich angeboten werden, oder irgendeiner ihrer Gebietskörperschaften oder Behörden mit Steuerhoheit oder einer Änderung in der Anwendung oder Auslegung solcher Gesetze oder Vorschriften, die am oder nach dem Ausgabetag dieser Wertpapiere in Kraft tritt bzw. angewendet wird, zusätzliche Beträge nach diesem § 7 b dieser Bedingungen zu zahlen; und

other relationship with Jersey, the United Kingdom or those countries, in which the Securities are publicly offered, than the mere holding of the Securities;

- if such Withholding Taxes on payments to any Securityholder with respect to the Securities themselves or any payout thereon are based on the EU Directive on the taxation of savings income (2003/48/EC) of 3 June 2003 (“**EU Savings Directive**“). The same also applies to any law or any other legal measure which implements or is in conformity with or has been adopted to comply with the EU Savings Directive;

- if the Securityholders may have avoided any Withholding Taxes by claiming payments on the Securities via another paying agent in a EU member state;

- that are payable as a result of any change in law that becomes effective more than 30 days after the relevant payment of principal becomes due or is duly provided for pursuant to § 1 of these Conditions, whichever occurs later.

- (3) The Issuer is entitled at any time to redeem all, but not only some, of the Securities on giving no less than 30 and no more than 45 days notice pursuant to § 11 of these Conditions, specifying the calendar day, on which the Termination becomes effective (the “**Tax Termination Date**“), at an amount in the Redemption Currency with respect to each Security, which is determined by the Calculation Agent at its reasonable discretion pursuant to § 317 of the BGB and, if applicable, considering the then prevailing Price of the Underlying and the expenses of the Issuer caused by the Termination, as the fair market price of a Security at the occurrence of Termination (the “**Tax Termination Amount**“)) if:

- the Issuer, on the occasion of the next payment is or will be required under these Conditions to pay additional amounts under this § 7 b of these Conditions on account of any change or amendment to the laws or regulations of Jersey, the United Kingdom or those countries, in which the Securities are publicly offered, or any political subdivision or authority thereof with power to tax or any change in application or interpretation of such laws or regulations which change becomes effective or applicable on or after the Issue Date of these Securities; and

- die Emittentin das Erfordernis, solche zusätzlichen Beträge zahlen zu müssen, nicht durch nach eigenem Ermessen zumutbare Maßnahmen (nicht aber eine Ersetzung der Emittentin gemäß § 10 dieser Bedingungen) vermeiden kann.

Eine solche Kündigung darf nicht früher als 90 Tage vor dem Datum erfolgen, an dem die Emittentin erstmals zusätzliche Beträge nach diesem § 7 b zu zahlen hätte.

§ 8 Marktstörungen

(1) Sind die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass an einem der Beobachtungstage oder dem Festlegungstag eine Marktstörung (§ 8 (3)) vorliegt, dann wird der jeweilige Beobachtungstag oder der Festlegungstag für den Basiswert auf den unmittelbar darauf folgenden Basiswert-Berechnungstag, an dem keine Marktstörung mehr vorliegt, verschoben. Die Emittentin wird sich bemühen, den Beteiligten unverzüglich gemäß § 11 dieser Bedingungen mitzuteilen, dass eine Marktstörung eingetreten ist. Eine Pflicht zur Mitteilung besteht jedoch nicht.

(2) Wenn ein Beobachtungstag aufgrund der Bestimmungen des § 8 (1) um acht Basiswert-Berechnungstage verschoben worden ist und auch an diesem Tag die Marktstörung fortbesteht, dann gilt dieser Tag als der maßgebliche Beobachtungstag für den Basiswert.

Eine weitere Verschiebung findet nicht statt. Die Emittentin und die Berechnungsstelle werden dann nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) sowie unter Berücksichtigung (i) der dann herrschenden Marktgegebenheiten und (ii) sämtlicher sonstigen Konditionen bzw. Faktoren, die die Emittentin und die Berechnungsstelle angemessenerweise für bedeutsam halten, auf Grundlage der zuletzt erhältlichen Kurse des Basiswerts und der von dem Index Sponsor abgegebenen Schätzungen, einen Kurs des Basiswerts in Bezug auf den verschobenen Beobachtungstag schätzen. (Zur Klarstellung: Dieser Kurs kann auch Null (0) betragen.)

Sind die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) der Ansicht, dass eine Schätzung des Kurses des Basiswerts aus welchen Gründen auch immer nicht möglich ist, dann werden die Emittentin und die Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) sowie unter Berücksichtigung (i) der dann herrschenden Marktgegebenheiten, (ii) sämtlicher sonstigen Konditionen bzw. Faktoren, die

- the Issuer cannot avoid the requirement to pay such additional amounts by any steps reasonably available to the Issuer at its own discretion (but not by any substitution of the Issuer pursuant to § 10 of these Conditions).

Any such notice of redemption must not be given any earlier than 90 days prior to the date on which the Issuer would initially be required to pay additional amounts pursuant to this § 7 b.

§ 8 Market Disruptions

(1) If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), a Market Disruption (§ 8 (3)) prevails on one of the Observation Dates or on the Fixing Date, as the case may be, the relevant Observation Date or the Fixing Date, as the case may be, in relation to the Underlying shall be postponed to the next succeeding Underlying Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 11 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.

(2) If an Observation Date has been postponed, due to the provisions of § 8 (1), by eight Underlying Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be deemed to be the relevant Observation Date in relation to the Underlying.

No further postponement shall take place. The Issuer and the Calculation Agent will then, at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) and taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, estimate the Price of the Underlying in relation to the postponed Observation Date (which for the avoidance of doubt could be zero (0)) on the basis of the last announced Prices of the Underlying and of any estimate given by the Index Sponsor.

If, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), an estimate of the Price of the Underlying is, for whatsoever reason, not possible, the Issuer and the Calculation Agent will, at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB) and taking into account (i) the market conditions then prevailing, (ii) such other conditions or factors as the Issuer and the

die Emittentin und die Berechnungsstelle angemessenerweise für bedeutsam halten und (iii) gegebenenfalls unter Berücksichtigung der durch die Marktstörung bei der Emittentin angefallenen Kosten, bestimmen, ob, und gegebenenfalls in welcher Höhe, die Emittentin einen Geldbetrag in der Auszahlungswährung zahlen wird. Auf diesen Geldbetrag finden die in diesen Bedingungen enthaltenen Bestimmungen über den Auszahlungsbetrag entsprechende Anwendung.

- (3) Eine „**Marktstörung**“ bedeutet in Bezug auf einen Index als Basiswert bzw. auf sämtliche seiner Einzelwerte:
- (a) die Suspendierung oder das Ausbleiben der Bekanntgabe des Kurses des Basiswerts an einem für die Berechnung eines Auszahlungsbetrags, eines Kündigungsbetrags bzw. eines Steuer-Kündigungsbetrags maßgeblichen Basiswert-Berechnungstag, oder
 - (b) die Begrenzung, Suspendierung bzw. Unterbrechung oder, vorbehaltlich von Absatz (4), eine nach Auffassung der Emittentin und der Berechnungsstelle wesentliche Einschränkung des Handels
 - (i) an der Maßgeblichen Börse oder an der/den Börse(n) bzw. in dem Markt/den Märkten, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, allgemein (sei es wegen Kursbewegungen, die die Grenzen des von der Maßgeblichen Börse oder der/den Börse(n) bzw. dem Markt/den Märkten, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, Erlaubten überschreiten, oder aus sonstigen Gründen), oder
 - (ii) an der Maßgeblichen Börse oder an der/den Börse(n) bzw. in dem Markt/den Märkten, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, in dem Index bzw. in den Einzelwerten des Index an der Maßgeblichen Börse oder an der/den Börse(n) bzw. in dem Markt/den Märkten an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, sofern eine wesentliche Anzahl oder ein wesentlicher Anteil betroffen ist, (sei es wegen Kursbewegungen, die die Grenzen des von der Maßgeblichen Börse oder der/den Börse(n) bzw. dem Markt/den Märkten, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, Erlaubten überschreiten, oder aus sonstigen Gründen), oder
 - (iii) an der Maßgeblichen Terminbörse, falls dort Optionskontrakte auf den

Calculation Agent reasonably consider to be relevant and (iii) the expenses of the Issuer, if any, caused by the Market Disruption, determine whether and in which amount, if applicable, the Issuer will make payment of an amount in the Redemption Currency. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

- (3) A “**Market Disruption**” shall mean in relation to an index used as the Underlying or, as the case may be, in relation to each of its Components:
- (a) a suspension or a failure of the announcement of the Price of the Underlying on any Underlying Calculation Date relevant for determining the Redemption Amount, the Termination Amount or the Tax Termination Amount, as the case may be, or
 - (b) a limitation, suspension or disruption of or, subject to para. (4), a restriction imposed on trading, the latter of which the Issuer and the Calculation Agent consider significant,
 - (i) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in general (whether by movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded, or otherwise), or
 - (ii) on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, in the Index or, as the case may be, in the Components of the Index on the Relevant Exchange or on the stock exchange(s) or in the market(s) on/in which the Components are quoted or traded, provided that a major number or a major part is concerned, (whether by movements in price exceeding limits permitted by the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded, or otherwise), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the

- Index bzw. auf die Einzelwerte gehandelt werden, oder
- (iv) in dem/den Währungsmarkt/-märkten, in dem/denen die Kurse für die Bestimmung des FX-Faktors festgestellt werden, oder
- (v) aufgrund einer Anordnung einer Behörde oder der Maßgeblichen Börse (sei es wegen Kursbewegungen, die die Grenzen des von der Maßgeblichen Börse Erlaubten überschreiten, oder aus sonstigen Gründen), bzw. aufgrund eines Moratoriums für Bankgeschäfte in dem Land, in dem die Maßgebliche Börse ansässig ist, oder aufgrund sonstiger Umstände.
- (c) Der maßgebliche Kurs ist ein Grenzpreis (*limit price*), was bedeutet, dass der für einen Tag ermittelte Kurs für den Basiswert den Kurs an dem unmittelbar vorangehenden Tag um den nach den Vorschriften der Maßgeblichen Börse oder der Börse(n) bzw. des Markts/der Märkte, an/in der/dem/denen die Einzelwerte notiert oder gehandelt werden, zulässigen maximalen Umfang überschritten bzw. unterschritten hat.
- (d) Der Eintritt eines sonstigen Ereignisses, das nach Ansicht der Emittentin und der Berechnungsstelle nach Ausübung billigen Ermessens (gemäß § 315 BGB bzw. § 317 BGB) die allgemeine Möglichkeit von Marktteilnehmern beeinträchtigt oder behindert, Transaktionen in dem Basiswert bzw. dem jeweils betroffenen Einzelwert durchzuführen oder diesbezügliche Marktbewertungen zu erhalten.
- (4) Eine Verkürzung der regulären Handelszeiten oder eine Beschränkung der Stunden oder Anzahl der Tage, an denen ein Handel stattfindet, gilt nicht als Marktstörung, sofern die Einschränkung auf einer Änderung der regulären Handelszeiten der Maßgeblichen Börse beruht, die mindestens eine (1) Stunde vor (i) entweder dem tatsächlichen regulären Ende der Handelszeiten an der Maßgeblichen Börse oder (ii) dem Termin für die Abgabe von Handelsaufträgen zur Bearbeitung an dem betreffenden Tag an der Maßgeblichen Börse, je nachdem welcher Zeitpunkt früher ist, angekündigt worden ist. Eine im Laufe eines Tages auferlegte Beschränkung im Handel aufgrund von Preisbewegungen, die bestimmte vorgegebene Grenzen überschreiten, gilt nur dann als Marktstörung, wenn diese Beschränkung bis zum Ende der Handelszeit an dem betreffenden Tag fort dauert.
- Index or, as the case may be, on the Components are traded there, or
- (iv) on the foreign exchange market(s) in which the rates for the determination of the FX Factor are determined, or
- (v) due to a directive of an authority or of the Relevant Exchange (whether by movements in price exceeding limits permitted by the Relevant Exchange or otherwise) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a "limit price", which means that the price for the Underlying for a day has increased or decreased from the immediately preceding day's price by the maximum amount permitted under applicable rules of the Relevant Exchange or the stock exchange(s) or the market(s) on/in which the Components are quoted or traded.
- (d) The occurrence of any other event that, in the opinion of the Issuer and the Calculation Agent at their reasonable discretion (pursuant to § 315 of the BGB or, as the case may be, § 317 of the BGB), disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the Underlying or, as the case may be, the affected Component.
- (4) Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

§ 9**Berechnungsstelle; Zahlstelle**

- (1) Die Berechnungsstelle und die Zahlstelle (die „**Wertpapierstellen**“) übernehmen diese Funktion jeweils in Übereinstimmung mit diesen Bedingungen. Jede der Wertpapierstellen haftet dafür, dass sie im Zusammenhang mit den Wertpapieren Handlungen bzw. Berechnungen vornimmt, nicht vornimmt oder nicht richtig vornimmt oder sonstige Maßnahmen trifft oder unterlässt nur, wenn und soweit sie jeweils die Sorgfalt eines ordentlichen Kaufmanns verletzt hat.
- (2) Jede der Wertpapierstellen handelt ausschließlich als Erfüllungsgehilfin der Emittentin und hat keinerlei Pflichten gegenüber dem Wertpapiergläubiger. Die Wertpapierstellen sind jeweils von den Beschränkungen des § 181 BGB befreit.
- (3) Die Emittentin ist berechtigt, jederzeit jede oder alle der Wertpapierstellen durch eine andere Gesellschaft zu ersetzen, eine oder mehrere zusätzliche Wertpapierstellen zu bestellen und deren Bestellung zu widerrufen. Ersetzung, Bestellung und Widerruf werden gemäß § 11 dieser Bedingungen bekannt gemacht.
- (4) Jede der Wertpapierstellen ist berechtigt, durch schriftliche Anzeige gegenüber der Emittentin jederzeit ihr Amt niederzulegen. Die Niederlegung wird nur wirksam mit der Bestellung einer anderen Gesellschaft als Berechnungsstelle bzw. als Zahlstelle durch die Emittentin. Niederlegung und Bestellung werden gemäß § 11 dieser Bedingungen bekannt gemacht.

§ 10**Ersetzung der Emittentin**

- (1) Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Wertpapiergläubiger eine andere Gesellschaft der UBS Gruppe als Emittentin (die „**Neue Emittentin**“) hinsichtlich aller Verpflichtungen aus oder in Verbindung mit den Wertpapieren an die Stelle der Emittentin zu setzen, sofern
 - (i) die Neue Emittentin alle Verpflichtungen der Emittentin aus oder in Verbindung mit den Wertpapieren übernimmt,
 - (ii) die Neue Emittentin alle etwa notwendigen Genehmigungen von den zuständigen Behörden erhalten hat, wonach die Neue Emittentin alle sich aus oder in Verbindung mit den Wertpapieren ergebenden Verpflichtungen erfüllen kann und Zahlungen ohne Einbehalt oder Abzug von irgendwelchen Steuern, Abgaben oder Gebühren an die Zahlstelle transferieren darf,
 - (iii) die Emittentin unbedingt und unwiderruflich die Verpflichtungen der

§ 9**Calculation Agent; Paying Agent**

- (1) The Calculation Agent and the Paying Agent (the „**Security Agents**“) shall assume such role in accordance with these Conditions. Each of the Security Agents shall be liable for making, failing to make or incorrectly making any measure or calculations, as the case may be, or for taking or failing to take any other measures only if and insofar as they fail to exercise the due diligence of a prudent businessman.
- (2) Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder. Each of the Security Agents is exempt from the restrictions under § 181 of the BGB.
- (3) The Issuer is entitled at any time to replace any or all of the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointments. Such replacement, appointment and revocation shall be notified in accordance with § 11 of these Conditions.
- (4) Each of the Security Agents is entitled to resign at any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 11 of these Conditions.

§ 10**Substitution of the Issuer**

- (1) The Issuer is entitled at any time, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the „**New Issuer**“) with respect to all obligations under or in connection with the Securities, if
 - (i) the New Issuer assumes all obligations of the Issuer under or in connection with the Securities,
 - (ii) the New Issuer has obtained all necessary authorisations, if any, by the competent authorities, under which the New Issuer may perform all obligations arising under or in connection with the Securities and transfer payments to the Paying Agent without withholding or deduction of any taxes, charges or expenses,
 - (iii) the Issuer unconditionally and irrevocably guarantees the obligations of the New

- Neuen Emittentin garantiert, und
- (iv) das Clearingsystem der Ersetzung zugestimmt hat, wobei die Zustimmung nicht mit einer unangemessenen Begründung verweigert oder zurückgehalten werden darf.
- (2) Im Falle einer solchen Ersetzung der Emittentin gilt jede in diesen Bedingungen enthaltene Bezugnahme auf die Emittentin fortan als auf die Neue Emittentin bezogen.
- (3) Die Ersetzung der Emittentin ist für die Wertpapiergläubiger endgültig und bindend und wird den Wertpapiergläubigern unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.

§ 11 Bekanntmachungen

- (1) Bekanntmachungen, die die Wertpapiere betreffen, werden auf den Internetseiten der Emittentin unter www.ubs.com/keyinvest oder einer Nachfolgesite veröffentlicht. Jede Mitteilung wird am Tag ihrer Veröffentlichung wirksam (oder im Fall von mehreren Veröffentlichungen am Tag der ersten solchen Veröffentlichung).
- (2) Soweit rechtlich zulässig ist die Emittentin berechtigt, Bekanntmachungen ausschließlich durch Mitteilung an das Clearingsystem zur Weiterleitung an die Wertpapiergläubiger (wie in den anwendbaren Vorschriften der Regelwerke des maßgeblichen Clearingsystems vorgesehen) zu bewirken, vorausgesetzt, dass in den Fällen, in denen die Wertpapiere an einer Wertpapier-Börse notiert sind, die anwendbaren Regeln dieser Wertpapier-Börse diese Form der Mitteilung zulassen. Bekanntmachungen durch Mitteilung an das Clearingsystem gelten am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als bewirkt.

§ 12 Begebung weiterer Wertpapiere; Ankauf; Einziehung; Entwertung

- (1) Die Emittentin ist berechtigt, ohne Zustimmung der Wertpapiergläubiger, jederzeit weitere Wertpapiere mit gleicher Ausstattung in der Weise zu begeben, dass sie mit diesen Wertpapieren eine einheitliche Serie bilden, wobei in diesem Fall der Begriff „Wertpapier“ entsprechend auszulegen ist.
- (2) Die Emittentin ist berechtigt, ohne Zustimmung der Wertpapiergläubiger, jederzeit Wertpapiere zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Wertpapiere können nach Wahl der Emittentin von ihr gehalten, erneut begeben, weiterverkauft oder entwertet werden.
- (3) Die Emittentin ist berechtigt, ohne Zustimmung

- Issuer, and
- (iv) the Clearing System has given its consent to the substitution which consent shall not be unreasonably withheld or delayed.

- (2) In the case of such a substitution of the Issuer, any reference in these Conditions to the Issuer shall forthwith be deemed to refer to the New Issuer.
- (3) The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be published to the Securityholders without undue delay in accordance with § 11 of these Conditions.

§ 11 Publications

- (1) Publications concerning the Securities will be published on the internet pages of the Issuer at www.ubs.com/keyinvest or a successor address.

Any such notice shall be effective as of the publishing date (or, in the case of several publications as of the date of the first such publication).

- (2) The Issuer shall, to the extent legally possible, be entitled to effect publications by way of notification to the Clearing System for the purpose of notifying the Securityholders (as set forth in the applicable rules and regulations of the Clearing System), provided that in cases, in which the Securities are listed on a Security Exchange, the regulations of such Security Exchange permit this type of notice. Any such notice shall be deemed as having been effect as of the seventh day after the date of the notification to the Clearing System.

§ 12 Issue of further Securities; Purchase; Call; Cancellation

- (1) The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.
- (2) The Issuer is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price. Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.
- (3) The Issuer is entitled at any time to call, without

der Wertpapiergläubiger, jederzeit ausstehende Wertpapiere einzuziehen und damit ihre Anzahl zu reduzieren.

- (4) Aufstockung bzw. Reduzierung der Wertpapiere werden unverzüglich gemäß § 11 dieser Bedingungen bekannt gemacht.
- (5) Sämtliche vollständig zurückgezahlten Wertpapiere sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 13 Sprache

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

§ 14 Anwendbares Recht; Anwendbares Recht in Bezug auf das Clearingsystem; Erfüllungsort; Gerichtsstand; Zustellungsbevollmächtigte; Korrekturen; Teilunwirksamkeit

- (1) Form und Inhalt der Wertpapiere sowie alle Rechte und Pflichten aus den in diesen Bedingungen geregelten Angelegenheiten bestimmen sich vorbehaltlich von § 14 (2), in jeder Hinsicht nach, und werden in Übereinstimmung ausgelegt mit, dem Recht der Bundesrepublik Deutschland.
- (2) Die Rechtswirkungen, die aus der Registrierung der Wertpapiere bei dem Clearingsystem folgen, unterliegen dem Recht des Schwedischen Königreichs gemäß § 4 (1), (3) und (4) dieser Bedingungen.
- (3) Der Gerichtsstand für alle Gerichtsverfahren, die sich aus oder im Zusammenhang mit den Wertpapieren ergeben, ist das Landgericht Frankfurt am Main; dementsprechend können alle Gerichtsverfahren vor diesem Gericht eingeleitet werden. Die Emittentin erkennt die Zuständigkeit des Landgerichts Frankfurt am Main unwiderruflich an und verzichtet auf die Einrede der mangelnden Zuständigkeit oder des *forum non conveniens* gegen Gerichtsverfahren vor diesem Gericht. Diese Anerkennung erfolgt zugunsten jedes Wertpapiergläubigers und beeinträchtigt nicht das Recht eines solchen Wertpapiergläubigers, ein Gerichtsverfahren vor einem anderen zuständigen Gericht einzuleiten, und die Einleitung eines Gerichtsverfahrens an einem oder mehreren Gerichtsständen schließt die (gleichzeitige oder nicht gleichzeitige) Einleitung eines Gerichtsverfahrens an einem anderen Gerichtsstand nicht aus.
- (4) Die UBS AG, handelnd durch ihre Niederlassung Jersey, in ihrer Funktion als Emittentin ernennt hiermit die UBS Deutschland AG, Bockenheimer Landstraße 2-4, 60306 Frankfurt am Main,

the consent of the Securityholders, outstanding Securities and to reduce their number.

- (4) Increase or reduction of Securities shall be notified without undue delay in accordance with § 11 of these Conditions.
- (5) All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 13 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.

§ 14 Governing Law; Governing Law with respect to the Clearing System; Place of Performance; Place of Jurisdiction; Agent of Process; Corrections; Severability

- (1) The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall, subject to § 14 (2) in every respect be governed by, and shall be construed in accordance with, the laws of the Federal Republic of Germany.
- (2) The legal effects of registration of the Securities with the Clearing System will be governed by the laws of the Kingdom of Sweden pursuant to § 4 (1), (3) and (4) of these Conditions.
- (3) The District Court (*Landgericht*) of Frankfurt am Main shall have jurisdiction to settle any proceedings that may arise out of or in connection with any Securities and accordingly any proceedings may be brought in such court. The Issuer irrevocably submits to the jurisdiction of the District Court (*Landgericht*) of Frankfurt am Main and waives any objection to proceedings in such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of Securityholder and shall not affect the right of any Securityholders to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).
- (4) UBS AG, acting through its Jersey Branch, in its role as Issuer hereby appoints UBS Deutschland AG, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Federal

Bundesrepublik Deutschland, als Bevollmächtigte, an die innerhalb der Bundesrepublik Deutschland im Rahmen jedes Verfahrens aus oder im Zusammenhang mit den Wertpapieren die Zustellung bewirkt werden kann (die „**Zustellungsbevollmächtigte**“). Falls, aus welchem Grund auch immer, die Zustellungsbevollmächtigte diese Funktion nicht mehr ausübt oder keine Anschrift innerhalb der Bundesrepublik Deutschland mehr hat, verpflichtet sich die UBS AG, handelnd durch ihre Niederlassung Jersey, eine Ersatz-Zustellungsbevollmächtigte in der Bundesrepublik Deutschland zu ernennen. Hiervon unberührt bleibt die Möglichkeit, die Zustellung in jeder anderen gesetzlich zulässigen Weise zu bewirken.

- (5) Die Emittentin ist berechtigt, an diesen Bedingungen, jeweils ohne die Zustimmung der Wertpapiergläubiger, in der Weise, die die Emittentin für notwendig hält, Änderungen oder Ergänzungen vorzunehmen, sofern die Änderungen oder Ergänzungen
- (i) formaler, geringfügiger oder technischer Natur ist; oder
 - (ii) zur Behebung eines offensichtlichen oder erwiesenen Fehlers erfolgt; oder
 - (iii) zur Behebung einer Mehrdeutigkeit oder zur Berichtigung oder Ergänzung fehlerhafter Bestimmungen dieser Bedingungen erfolgt; oder
 - (iv) zur Berichtigung eines Fehlers oder einer Auslassung erfolgt, wenn ohne eine solche Berichtigung die Bedingungen nicht die beabsichtigten Bedingungen, zu denen die Wertpapiere verkauft wurden und zu denen sie seitdem gehandelt werden, darstellen würden; oder
 - (v) keine wesentlichen nachteiligen Auswirkungen auf die Interessen der Wertpapiergläubiger in Bezug auf die Wertpapiere hat.

Eine solche Änderung bzw. Ergänzung wird gemäß ihren Bestimmungen wirksam, ist für die Wertpapiergläubiger bindend und wird den Wertpapiergläubigern gemäß § 11 dieser Bedingungen bekannt gemacht (wobei jedoch eine versäumte Übermittlung einer solchen Mitteilung oder deren Nichterhalt die Wirksamkeit der betreffenden Änderung bzw. Ergänzung nicht beeinträchtigt).

- (6) Sollte eine Bestimmung dieser Bedingungen ganz oder teilweise unwirksam sein oder werden, so bleiben die übrigen Bestimmungen wirksam. Die unwirksame Bestimmung ist durch eine wirksame Bestimmung zu ersetzen, die den wirtschaftlichen Zwecken der unwirksamen Bestimmung so weit wie rechtlich möglich entspricht. Entsprechendes gilt für etwaige Lücken in den Bedingungen.

Republic of Germany, as its agent in the Federal Republic of Germany to receive service of process in any proceedings under or in connection with the Securities in the Federal Republic of Germany (the “**Agent of Process**”). If, for any reason, such Agent of Process ceases to act as such or no longer has an address in the Federal Republic of Germany, UBS AG, acting through its Jersey Branch, agrees to appoint a substitute agent of process in the Federal Republic of Germany. Nothing herein shall affect the right to serve the process in any other manner permitted by law.

- (5) The Issuer is entitled to modify or amend, as the case may be, these Conditions in each case without the consent of the Securityholders in such manner as the Issuer deems necessary, if the modification or amendment
- (i) is of a formal, minor or technical nature; or
 - (ii) is made to cure a manifest or proven error; or
 - (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of these Conditions; or
 - (iv) is made to correct an error or omission such that, in the absence of such correction, the Conditions would not otherwise represent the intended terms of the Securities on which the Securities were sold and have since traded; or
 - (v) will not materially and adversely affect the interests of the Securityholders.

Any modification or amendment of these Terms and Conditions shall take effect in accordance with its terms and be binding on the Securityholders, and shall be notified to the Securityholders in accordance with § 11 of these Conditions (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

- (6) If any of the provisions of these Conditions is or becomes invalid in whole or in part, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to gaps, if any, in these Conditions.

INFORMATION ABOUT THE UNDERLYING

The following information about the Underlying comprises extracts or summaries of information publicly available on the internet page of the Index Sponsor. The Issuer confirms that such information has been accurately reproduced. 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.

Description of the S&P Global Infrastructure Daily Risk Control 15 % Excess Return (USD) Index (Bloomberg: SPGT15UE)

As part of the S&P Global Thematic Risk Control Index Series, the S&P Global Infrastructure Risk Control Indices are risk controlled versions of the S&P Global Infrastructure Index, an index which provides exposure to 75 companies from around the world that represent the listed infrastructure universe.

To create a risk controlled index, the S&P risk control framework is applied to an existing S&P index.

The S&P risk control methodology controls the level of risk by varying exposure to an underlying index based on systematic rules. By establishing a specific volatility target and managing the risk relative to the target, this framework controls the level of risk. **In detail, the risk controlled index consists of a position in an underlying index and a cash position.** If the risk level reaches a threshold that is too high, the cash level is increased in order to maintain the target volatility. If the risk level is too low, the index will employ leverage to maintain the targeted level of volatility. The exposure to the underlying index is calculated by dividing the target risk level by the realized volatility of the underlying index.

The S&P Global Infrastructure Daily Risk Control 15 % Excess Return (USD) Index has a target risk level of 15 %.

Further information as well as information about the past performance of the index and its volatility can be found on the internet page www.standardandpoors.com.

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ISSUE, SALE AND OFFERING

I. Issue and Sale

It has been agreed that, on or after the respective Issue Date of the Securities (as defined in the section "Key Terms and Definitions of the Securities") the Manager (as defined in the section "Key Terms and Definitions of the Securities") shall underwrite the Securities by means of an underwriting agreement and shall place them for sale. The Securities will be offered on a continuous basis by the Issuer to the relevant Manager(s) and may be resold by the relevant Manager(s).

Selling Restrictions

General

The Manager has represented and agreed (and each additional Manager will be required to represent and agree) that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes the Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any Manager shall have any responsibility therefor. Neither the Issuer nor the Manager has represented that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or has assumed any responsibility for facilitating such sale. The relevant Manager will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Manager shall agree and as shall be set out in the applicable Final Terms.

United States of America

The Securities (or any rights thereunder) have not been registered and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**"); trading in these Securities has not and will not be approved by the United States Commodity Futures Trading Commission pursuant to the United States Commodity Exchange Act, as amended. The Securities (or any rights thereunder) will be offered only outside of the United States and only to persons that are not U.S. persons as defined in Regulation S of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed, and each further Manager appointed under the Base Prospectus will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3 (2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

II. Offering for Sale and Issue Price

It has been agreed that, on or after the respective Issue Date of the Securities (as defined in the section "Key Terms and Definitions of the Securities"), the Manager(s) (as defined in the section "Key Terms and Definitions of the Securities") may purchase Securities and shall place the Securities for sale under terms subject to change. The Issue Price was fixed at the Start of public offer of the Securities. After closing of the Subscription Period the selling price will then be adjusted on a continual basis to reflect the prevailing market situation.

The Manager shall be responsible for coordinating the entire Securities offering.

The total commission due for the respective underwriting and/or placement service relating to the underwriting of the Securities is: Underwriting and/or placing fee (as defined in the section "Key Terms and Definitions of the Securities").

III. Subscription and Delivery of the Securities

The Securities may be subscribed from the Manager(s) during normal banking hours within the Subscription Period (as defined in the section "Key Terms and Definitions of the Securities"). The Issue Price per Security is payable on the Initial Payment Date (as defined in the section "Key Terms and Definitions of the Securities").

The Issuer reserves the right to earlier close or to extend the Subscription Period if market conditions so require.

After the Initial Payment Date, the appropriate number of Securities shall be credited to the investor's account in accordance with the rules of the corresponding Clearing System (as defined in the section "Key Terms and Definitions of the Securities"). If the Subscription Period is shortened or extended, the Initial Payment Date may also be brought forward or postponed.

GENERAL INFORMATION

I. General Note on the Base Prospectus

The Base Prospectus should be read and construed with any supplement hereto and with any other documents incorporated by reference and with the relevant Final Terms.

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

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

II. Form, Governing Law and Status

The Securities are cleared through Euroclear Sweden AB as the Clearing System and issued in uncertificated and dematerialised book-entry form, and registered at Euroclear Sweden AB in accordance with the relevant CA Rules. No physical notes, such as global temporary or permanent notes or definitive securities will be issued in respect of the Securities. The Securities are governed by German law, except for § 4 (1), (3) and (4) of the Conditions of the Securities which shall be governed by the laws of the Kingdom of Sweden.

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

III. Listing of the Securities

The Manager intends to apply for listing of the Securities on the Security Exchange.

IV. Authorisation

The Issuer does not need to obtain (individual) authorisation from its Management Board to issue the Securities. There exists a general resolution for the issue of the Securities.

V. EEA-Passport

For certain EEA States, the Issuer reserves the right to apply to the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – “**BaFin**”) for a certificate of the approval of the Base Prospectus pursuant to Section 18 WpPG, in order to be able to publicly offer the Securities also in those countries and/or have them admitted to trading at an organised market (within the meaning of Directive 93/22/EEC) (the “**EEA Passport**”). A special permit allowing for the Securities to be offered or the prospectus to be distributed in a jurisdiction outside of those countries for which an EEA Passport is possible and a permit required has not been obtained.

VI. Use of Proceeds

The net proceeds from the sale of the Securities will be used for funding purposes of the UBS Group. The Issuer shall not employ the net proceeds within Switzerland. The net proceeds from the issue shall be employed by the Issuer for general business purposes. A separate (“special purpose”) fund will not be established.

If, in the normal course of business, the Issuer trades in the Underlying or in related options and futures contracts, or hedges the financial risks associated with the Securities by means of hedging transactions in the Underlying or in related options or futures contracts, the Securityholders have no rights to or interests in the Underlying or in related options or futures contracts.

VII. Availability of the Base Prospectus and other documents

So long as any of the Securities are outstanding copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Issuer:

- (a) the Articles of Association of UBS AG;
- (b) a copy of the Base Prospectus (together with any supplement including any Final Terms thereto);
- (c) a copy of the Annual Report of UBS AG as at 31 December 2010;
- (d) a copy of the Annual Report of UBS AG as at 31 December 2009; and
- (e) copies of the quarterly reports of UBS AG.

Copies of the documents referred to under (a) through (e) above shall, as long as any of the Securities are outstanding, also be maintained in printed format, for free distribution, at the registered offices of the Issuer as well as at UBS Deutschland AG, Bockenheimer Landstrasse 2 - 4, 60306 Frankfurt am Main, Federal Republic of Germany. In addition, any annual and quarterly reports of UBS AG are published on the UBS website, at www.ubs.com/investors or a successor address.

SIGNATORIES

Signed on behalf of the Issuer,
9 January 2012:

UBS AG, acting through its Jersey Branch

By:

(signed by Sigrid Kossatz)

By:

(signed by Stefanie Zaromitidis)