

# UBS «ETC» 2x Long on UBS Bloomberg CMCI Gold USD Excess Return Index

**Issuer**

UBS AG, London Branch

**Lead Manager**

UBS AG, Zurich (UBS Investment Bank)

**Expiration Date**

Open End

**Symbol**

GLD2L

**Security no**

10.270.904

**ISIN**

CH0102709042

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# UBS ETC 2x Long

## Linked to the UBS Bloomberg CMCI Gold Index

Issued by UBS AG



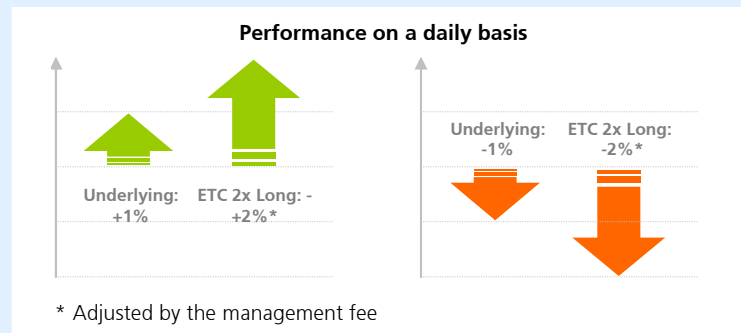
SVSP Product Type: Various Leverage (2199)  
 Valor: 10270904

### Final Terms

## 1. Description of the Product

### About UBS ETCs 2x Long

**UBS ETCs 2x Long** are designed to provide **two times (2x) the performance** of the underlying commodity index **on a daily basis** (adjusted by the management fee). Therefore, if the underlying index rises (or falls) by 1% between two consecutive trading days, then UBS ETCs 2x Long will rise (or fall) by approximately 2%.



Due to the compounding effect, however, UBS ETCs 2x Long are unlikely to provide the exact multiple (2x) of the Underlying's performance over periods longer than one day. In extreme cases and/or over longer investment periods results can even differ significantly. For more information see Product Description.

UBS ETCs 2x Long are suitable only for sophisticated investors who have a clear understanding of the risks and benefits of leverage.

### Information on Underlying

Underlying **UBS Bloomberg CMCI Gold USD Excess Return Index**  
 (Bloomberg: CTGCER Index)

The *UBS Bloomberg Constant Maturity Gold Excess Return Index* measures the uncollateralized returns from gold futures contracts. It is designed to be representative of the entire liquid Gold forward curve and as such references a weighted average of available CMCI Standard Constant Maturities: 3 months, 6 months, 1 year, 2 years, 3 years. For more information visit [www.ubs.com/cmci](http://www.ubs.com/cmci)

### Product Details

|                 |  |
|-----------------|--|
| Security Number | Valor: 10270904 / ISIN: CH0102709042 / WKN: UB0V54 |
| SIX Symbol      | <b>GLD2L</b>                                       |
| Issue Size      | 6'200 Units (with reopening clause)                |

**Contact:** UBS AG, P.O. Box, 8098 Zurich

Institutional Investors: : +41-44-239 68 00\* E-Mail: [derivatives@ubs.com](mailto:derivatives@ubs.com)  
 Internet: [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest)

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|                          |   |
|--------------------------|---|
| Settlement Currency      | USD   |
| Initial Underlying Level | USD 1'620.1830  |
| Issue Price              | USD 1'620.1830  |
| Leverage Factor          | <b>2</b>  |
| Management Fee           | 0.94% p.a.  |
| Index Business Day       | Each day on which a settlement value for the Underlying is published by the Index Sponsors. |

### Dates

|                                      |   |
|--------------------------------------|---|
| Launch Date                          | 24 <sup>th</sup> November 2009  |
| Pricing Date ("Pricing")             | 24 <sup>th</sup> November 2009 (subject to Market Disruption Event provisions)  |
| First SIX Trading Date (anticipated) | 1 <sup>st</sup> December 2009   |
| Payment Date (Issue Date)            | 1 <sup>st</sup> December 2009   |
| Expiration Date ("Expiry")           | <b>Open End</b>   |
| Effective Exercise Day               | means the day when either the Investor's Exercise Right or the Issuer's Call Right becomes effective.   |
| Redemption Date                      | means the 5 <sup>th</sup> Business Day following the Effective Exercise Date. In case this date is not a Business Day the next following Business day will apply. |

### Redemption

The Investor is entitled to receive from the Issuer on the Redemption Date an amount in the Settlement Currency equivalent to the **Issue Price multiplied by all daily ETC returns since issue date** (where each daily ETC return is calculated by the two times leveraged daily performance of the Underlying, adjusted by the management fee), according to the following formula:

$$\text{IssuePrice} * \prod_{i=0}^n \left[ 1 + LF * \frac{(I_{i+1} - I_i)}{I_i} - MF \right]$$

where:

n = number of exchange business days since Issue Date

I = official closing level of the Underlying as reasonably determined by the Index Sponsor

LF = Leverage Factor

MF = risk management fee charge of 0.94% per annum, accruing daily from the Pricing Date to the Effective Exercise Day, calculated on an Actual/360 basis

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## Product Structure

### Structure / Risk Information

With UBS ETCs 2x Long investors can participate in two times (2x) the performance of the Underlying on a daily basis (adjusted by the management fee).

Over a period of more than one day the return of UBS ETCs 2x Long is likely to differ from two times (2x) the index's performance over that same period. This is due to the compounding effect of a daily resetting mechanism, where the notional amount is reset on a daily basis to two times (2x) the value of the UBS ETC 2x Long.

In extreme scenarios and/or over longer investment periods the divergence between the return of UBS ETC 2x Long and two times (2x) the index's performance can even be significant.

The following hypothetical examples (excluding management fee) illustrate the compounding effect on the performance of UBS ETCs 2x Long over periods longer than one day:

#### Example 1: Low volatility

|                     | Value Underlying | Change Underlying | Change ETC 2x Long | Value ETC 2x Long |
|---------------------|------------------|-------------------|--------------------|-------------------|
| Start               | 100.0%           |                   |                    | 100.0%            |
| Day 1               | 101.0%           | 1.0%              | 2.0%               | 102.0%            |
| Day 2               | 102.0%           | 1.0%              | 2.0%               | 104.0%            |
| Day 3               | 103.0%           | 1.0%              | 2.0%               | 106.1%            |
| Day 4               | 104.1%           | 1.0%              | 2.0%               | 108.2%            |
| Day 5               | 105.1%           | 1.0%              | 2.0%               | 110.4%            |
| <b>Total Return</b> | <b>5.1%</b>      |                   |                    | <b>10.4%</b>      |

#### Example 2: High volatility

|                     | Value Underlying | Change Underlying | Change ETC 2x Long | Value ETC 2x Long |
|---------------------|------------------|-------------------|--------------------|-------------------|
| Start               | 100.0%           |                   |                    | 100.0%            |
| Day 1               | 104.5%           | 4.5%              | 9.0%               | 109.0%            |
| Day 2               | 100.3%           | -4.0%             | -8.0%              | 100.3%            |
| Day 3               | 104.8%           | 4.5%              | 9.0%               | 109.3%            |
| Day 4               | 100.6%           | -4.0%             | -8.0%              | 100.6%            |
| Day 5               | 105.2%           | 4.5%              | 9.0%               | 109.6%            |
| <b>Total Return</b> | <b>5.2%</b>      |                   |                    | <b>9.6%</b>       |

The examples demonstrate that high volatility of the Underlying will cause the effect of compounding to be more pronounced, while lower volatility of the Underlying will produce a more muted effect.

The terms of the Product may be subject to adjustments during its lifetime. Detailed information on such adjustments is to be found in the General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings.

## General Information

|                   |  |
|-------------------|--|
| Issuer            | UBS AG, London Branch  |
| Issuer Rating     | Aa3 Moody's / A+ S&P / A+ Fitch  |
| Lead Manager      | UBS AG, Zurich (UBS Investment Bank)   |
| Calculation Agent | UBS AG, London Branch  |
| Paying Agent      | UBS AG, Zurich   |
| Listing           | SIX Swiss Exchange will be applied for   |
| Related Exchange  | The exchanges on which components comprising the Underlying Index are traded, as determined by the Index Sponsors from time to time. |

**Contact:** UBS AG, P.O. Box, 8098 Zurich

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E-Mail: [derivatives@ubs.com](mailto:derivatives@ubs.com)  
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|  |   |
|--|---|
| Index Sponsors                           | UBS AG, Bloomberg L.P.  |
| Secondary market                         | Secondary market will be provided on SIX if trading liquidity of the future contracts constituting the Underlying is available and sufficient. During trading hours of relevant commodity exchanges the liquidity of the future contracts constituting the Underlying is generally higher.  |
| Minimum Investment / Minimum Trading Lot | 1 Unit  |
| Issuer Call Right                        | The Issuer has the quarterly right, on each 27th of July, October, January and April, for the first time on 27 January 2010 ("Notice Date"), to call the UBS ETC 2x Long for early redemption for a value equal to <b>Redemption</b> (as described herein) (in case that any of the dates is not an Exchange Business Day, the next following Exchange Business Day applies). The UBS ETC 2x Long will be redeemed on the Redemption Date.  |
| Investor Exercise Right                  | In addition to the possibility to sell the UBS ETC 2x Long at any time, each Investor has a quarterly right, on each 27th of July, October, January and April, for the first time on 27 January 2010 ("Exercise Date") to exercise the UBS ETC 2x Long (notice to be received no later than 10.00 am CET on the relevant Exercise Date) for the value equal to <b>Redemption</b> (as described herein) at the time of the exercise. The exercise will become effective as of close of business on the relevant Exercise Date (in case that any of the dates is not an Exchange Business Day, the next following Exchange Business Day applies). The UBS CMCI Essence 2x Long will be redeemed on the Redemption Date. |
| Clearing                                 | SIX SIS, Euroclear, Clearstream (booked at SIX SIS AG)  |
| Form of deed                             | Book-entry Security   |
| Governing Law / Jurisdiction             | Swiss / Zurich  |
| Adjustments                              | The terms of the Product may be subject to adjustments during its lifetime. Detailed information on such adjustments is to be found in the Product Documentation.   |

## Tax Treatment Switzerland

|                           |  |
|---------------------------|--|
| Swiss Federal Stamp Duty  | Secondary market transactions are not subject to Swiss Stamp Duty.   |
| Swiss Federal Income Tax: | For private investors with tax domicile in Switzerland, in line with common practice of the Swiss Federal Tax Administration regarding Direct Federal Tax, an interest component will be taxable at the Redemption Date. This interest component will be determined by the issuer based on the length of the tenor of the product and will be reported in the year of redemption to the Swiss Federal Administration which in turn will publish it in the respective list of tax ("Kursliste").<br>In contrast, any capital gains which accrued during the tenor of the product from selling it are not taxable. Capital losses which accrued during the tenor of the product from either selling it or redeeming it are not deductible from taxable income. |
| Swiss Withholding Tax     | The product is not subject to the Swiss Withholding Tax.   |
| EU Savings Tax            | For Swiss paying agents, the product is not subject to the EU Savings Tax.   |

The tax information only provides a general overview of the potential tax consequences linked to this product at the time of issue. Tax laws and tax doctrine may change, possibly with retroactive effect.

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## Product Documentation

The Final Terms together with the 'General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings', as amended from time to time ("General Terms and Conditions") shall form the entire documentation for this Product ("Product Documentation"), and accordingly the Final Terms should always be read together with the General Terms and Conditions. Definitions used in the Final Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. Furthermore, the Final Terms shall serve as and fulfil the requirements of a 'Simplified Prospectus' in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). In the event that the Product is listed (see above item 'Listing' under 'General Information'), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

During the whole term of this Product, the Prospectus can be ordered free of charge from the Lead Manager at P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 21 11) or via e-mail ([swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)). In addition, the Product Documentation is available on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

Notices in connection with this Product shall be validly given by publication in electronic media such as Reuters and/or Investdata. In addition, any changes with regard to the terms of this Product shall be published on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

## Classification

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA.

## Prudential Supervision

UBS AG is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). In addition, its London Branch is authorised and regulated by the Financial Services Authority (FSA) and its Jersey Branch by the Jersey Financial Services Commission (JFSC).

## 2. Prospects of Profits and Losses

|                    |  |
|--------------------|--|
| Market Expectation | Investors in this Product expect a positive Performance of the Underlying over the life of the Product.  |
| Risk Tolerance     | Investors in this product should be experienced investors and familiar with derivative products, leverage and stock and/or commodity markets.<br><br>The Investors must be willing to make an investment with a disproportionately higher yield potential than a direct investment in the underlying strategy. This increased yield potential comes at an increased unlimited downside risk.<br><br>The Investors do not require capital protection. |
| Profit Potential   | The Investors profits from an increased participation in the underlying strategy.  |
| Loss Potential     | The investors may lose some or all of the investment.  |

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### 3. Significant Risks for Investors

For product specific risks please see above (2. Prospects of Profits and Losses)

#### Risk Factors relating to the Issuer

In addition to the market risk with regard to the development of the Underlying, each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, particularly in case of insolvency of the Issuer, rank pari passu with each 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 general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

The Issuer Ratings indicated in this document reflect the situation at the time of issuance and may be subject to changes. The actual Issuer Ratings at any given time can be seen on the Issuer's website ([www.ubs.com](http://www.ubs.com)) under "Analysts & Investors".

#### Secondary Market

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for this Product, 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 this Product at a specific time or at a specific price.

In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer.

#### Market Risk

The investor is exposed to market disruption events (such as trading disruption, exchange disruption and early closure of the relevant exchange), adjustments and early termination which could have an impact on the redemption amount through delay in payment or change in value. For a detailed description of such events and their effects please read the General Terms and Conditions.

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### UBS Bloomberg CMCI

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**Contact:** UBS AG, P.O. Box, 8098 Zurich

Institutional Investors: : +41-44-239 68 00\*

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## Selling Restrictions

**Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.**

**The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.**

**Europe** - For EEA jurisdictions (EU member states plus Norway, Iceland and Liechtenstein) that have implemented the EU Prospectus Directive ("EU-PD"), the Product Documentation for this Product DO NOT QUALIFY as a prospectus published in accordance with the requirements of the EU-PD. Unless and until a prospectus has been published in accordance with the requirements of the EU-PD, this Product may not be offered or sold in EEA jurisdictions that have implemented the EU-PD other than 1) in minimum denominations of, or total consideration per Investor of at least, EUR 50,000 (or equivalent in other currencies) or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 offerees that are not Qualified Investors per EEA jurisdiction. A "Qualified Investor" is a legal entity that (i) is authorised or regulated to operate in the financial markets or has the sole purpose to invest in securities; or (ii) meets two of the following three criteria (as shown in its last annual or consolidated accounts): (a) an average number of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43,000,000; and (c) an annual net turnover of more than EUR 50,000,000.

For EEA jurisdictions that have not implemented the EU-PD, sales must be in compliance with the law of that jurisdiction.

**Hong Kong** - This product may not be offered or sold in Hong Kong..

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

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:
  - (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
  - (2) where no consideration is or will be given for the transfer; or
  - (3) where the transfer is by operation of law.

**UK** - For the purposes of non-discretionary accounts, this Product should not be sold with a consideration of less than 50,000 EUR or equivalent.

**USA** - This Product may not be sold or offered within the United States or to U.S. persons, the foregoing shall not, however, prohibit sales to U.S. offices of UBS AG.

**Contact:** UBS AG, P.O. Box, 8098 Zurich

Institutional Investors: : +41-44-239 68 00\*

E-Mail: [derivatives@ubs.com](mailto:derivatives@ubs.com)  
Internet: [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest)

Please note that calls made to the numbers marked with an asterisk (\*) may be recorded. Should you call one of these numbers, we shall assume that you consent to this business practice.

**UBS Investment Bank is a business division of UBS AG**

# General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings

Date                      19 November 2009  
Version                  2009-16

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## 1. Preliminary Remarks

UBS AG (the "Issuer" or "UBS AG" or "UBS") may from time to time issue structured products in securitized form (the "Products"). The Products will be issued based (i) on the information set out in these 'General Terms and Conditions for Structured Products on Equity, Commodity and Index Underlyings', as amended from time to time (the "General Terms and Conditions") and (ii) on the relevant final terms of each Product (the "Final Terms"). The General Terms and Conditions and the Final Terms shall form the entire documentation for each Product (the "Product Documentation") and should always be read in conjunction with each other. In case of inconsistency between the General Terms and Conditions and the Final Terms, the Final Terms shall prevail.

In the event that the Product is listed (see item 'Listing' under 'General Information' in the relevant Final Terms), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

The Issuer accepts responsibility for all information contained in the Product Documentation and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material aspects and that there are no other material facts, the omission of which would make misleading any statement herein, whether of fact or opinion.

The offering or sale of the Products in certain jurisdictions may be restricted by law. Persons, who obtain possession of the Product Documentation, are required to inform themselves about and to adhere to any such restrictions which are set out in more detail in the relevant Final Terms under the section headed 'Selling Restrictions'. The Product Documentation does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

**During the whole term of the Product, the Product Documentation can be ordered free of charge from the Lead Manager at P.O. Box, CH-8098 Zurich (Switzerland) via telephone (+41 (0)44 239 47 03), fax (+41 (0)44 239 69 14) or via e-mail ([swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)). In addition, the Product Documentation is available on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).**

## 2. Risk Factors

*An investment in the Products involves certain risks. If one or more of the risks described below occur, potential investors in the Products (the "Potential Investors") may incur a partial loss or even a total loss of their invested capital. Potential Investors should carefully consider the following factors prior to investing in the Products. This section of the General Terms and Conditions does not purport to be an extensive and comprehensive list of all possible risks associated with an investment in the Products.*

*Investment decisions should **not** be made solely on the basis of the risk warnings set out in the Product Documentation, since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each Potential Investor individually.*

### 2.1 General Risk Factors

#### 2.1.1 Advice from your Principal Bank

This information is not intended to replace the advice Potential Investors should always obtain from their respective principal bank before making a decision to invest in the Products. Only Potential Investors who are fully aware of the risks associated with the investment in the Products and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

#### 2.1.2 Buying Products on Credit

Potential Investors financing the purchase of Products with loans should note that, should their expectations fail to materialise, they would not only have to bear the loss resulting from the investment in the Products, but also have to pay interest on the loan as well as repay the principal amount. It is therefore imperative that Potential Investors verify their financial resources in advance, in order to determine whether they would be able to pay the interest and repay the loan at short notice should they incur losses instead of realising the anticipated profit.

#### 2.1.3 Independent Review and Advice

Prior to entering into a transaction Potential Investors should consult their own legal, regulatory, tax, financial and accounting advisors to the extent they consider necessary, and make their own investment, hedging and trading decisions (including decisions regarding the suitability of an investment in the Products) based upon their own independent review and judgment and advice from those advisers they consider necessary.

Furthermore, Potential Investors should conduct such independent investigation and analysis regarding the Issuer and all other relevant persons or entities and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Products. However, as part of such independent investigation and analysis, Potential Investors should consider carefully all the information set forth in the Product Documentation.

Investment in the Products may involve a loss of principal by virtue of the terms of the Products even where there is no default by the Issuer. Potential Investors will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the Issuer in respect of the charged assets. None of the Issuer, the Lead Manager, the Paying Agent, the Calculation Agent, or any other agent nor any affiliate of any of them (or any person or entity on their behalf) will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Potential Investors with any information in relation to such matters or to advise as to the accompanying risks.

#### 2.1.4 Investor Suitability

The purchase of the Products involves substantial risks. Potential Investors should be familiar with instruments having the characteristics of the Products and should fully understand the terms and conditions set out in the Product Documentation and the nature and extent of their exposure to risk of loss.

In addition, Potential Investors must determine, based on their own independent review and such legal, business, tax and other advice as they deem appropriate under the circumstances, that the acquisition of the Products (i) is fully consistent with their financial needs, objectives and conditions, (ii) complies and is fully consistent with all constituent documents, investment policies, guidelines, authorisations and restrictions (including as to their capacity) applicable to them, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for them.

#### 2.1.5 Changes in Tax Law and Tax Call

The tax considerations set forth in the Product Documentation reflect the view of the Issuer based on the legislation applicable at the date of issuance of the Product Documentation. It cannot, however, be ruled out that the tax treatment by the tax authorities and courts could be interpreted differently. Additionally, the tax considerations set forth herein may not be used as the sole basis for the decision to invest in the Products from a tax perspective, since the individual situation of each Potential Investor must also be taken into account. Thus, the considerations regarding taxation contained in the Product Documentation do not constitute any sort of material information or tax advice nor are they in any way to be construed as a representation or warranty with respect to specific tax consequences.

In accordance with the terms and conditions set out in the General Terms and Conditions, the Issuer may redeem all outstanding Products early for tax reasons. Accordingly, Potential Investors should consult their personal tax advisors before making any decision to purchase the Products and must be aware of and be prepared to bear the risk of a potential early redemption due to tax reasons. The Issuer and the Lead Manager do not accept any liability for adverse tax consequences of an investment in the Products.

#### 2.1.6 Effect of Ancillary Costs

Commissions and other transaction costs incurred in connection with the purchase or sale of Products may result in charges, particularly in combination with a low order value, which can substantially reduce any redemption amount. Before acquiring Products, Potential Investors should therefore inform themselves of all costs incurred with the purchase or sale of the Product, including any costs charged by their custodian banks upon purchase and redemption of the Products.



### 2.1.7 No Reliance

The Issuer and all of its affiliates respectively disclaim any responsibility to advise Potential Investors of the risks and investment considerations associated with the purchase of the Products as they may exist at the date hereof or from time to time hereafter.

### 2.1.8 Legality of Purchase

The Issuer has no and assumes no responsibility for (i) the lawfulness of the acquisition of the Products by Investors or for (ii) the compliance by Investors with any law, regulation or regulatory policy applicable to them.

## **2.2 Market Risk Factors**

### 2.2.1 No Liquidity or Secondary Market

As the Products might not be listed or traded on any exchange, pricing information regarding the Products may be more difficult to obtain and the liquidity of the Products may be adversely affected. The liquidity of the Products may also be affected by restrictions on the purchase and sale of the Products in some jurisdictions.

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for the Products at their sole discretion and without a duty to do so. The Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for the Products, 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 Products at a specific time or at a specific price. Additionally, the Issuer has the right (but no obligation) to purchase Products at any time and at any price in the open market or by tender or private agreement. Any Products so purchased may be held or resold or surrendered for cancellation.

### 2.2.2 Expansion of the Spread between Bid and Offer Prices

In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer.

### 2.2.3 Emerging Markets

Investments in emerging markets should only be effected by persons who have a sound knowledge of these markets, who are well aware of and are able to weigh the diverse risks (political, social and economic risks, currency, liquidity and settlement risks, regulatory and legal risks) involved and who have sufficient financial resources to bear the substantial risks associated with such investments.

### 2.2.4 Risks Factors associated with Currency Exchange Rates

An investment in Products may involve risk exposure to fluctuations in exchange rates of the relevant currencies in which the Products are denominated and the Underlying is traded or evaluated. For

example (i) the Underlying may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which an Investor wishes to receive funds.

Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value, regardless of other market forces.

If the Potential Investor's right vested in the Products is determined on the basis of a currency other than the Settlement Currency, or if the value of the Underlying is determined in a currency other than the Settlement Currency, Potential Investors should be aware that investments in these Products 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 such other currency.

## **2.3 Risk Factors relating to the Products**

### **2.3.1 Risk-hedging Transactions**

The ability to eliminate or to restrict the initial risks of the Products arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms and conditions of the specific Product. As a consequence, such transactions may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Potential Investors should therefore not rely on the ability to conclude transactions at any time during the term of the Products that will allow them to offset or limit relevant risks.

### **2.3.2 Features of Products on Currencies, Exchange Rates, Commodities or Precious Metals**

In cases where the Underlyings are currencies, exchange rates, commodities or precious metals, it should be noted that such Underlyings are traded 24 hours a day through the time zones of Australia, Asia, Europe and America. It is therefore possible that a relevant limit, barrier or threshold pursuant to the relevant Final Terms may be reached, exceeded or fallen below outside of local or Lead Managers' business hours.

### **2.3.3 Market Disruption Events**

In accordance with the terms and conditions set out in the General Terms and Conditions, the Lead Manager or the Calculation Agent may determine in its absolute sole discretion that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may have an adverse effect on the value of the Products.

### **2.3.4 Other Factors affecting Value**

The value of a Product 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 Products, 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 Products.

These factors include, *inter alia*, the terms and conditions of the specific Product, the frequency and intensity of price fluctuations (volatility) in the Underlying, as well as the prevailing interest rate. A decline in the value of the Product may therefore occur even if the price or level, as the case may be, of the Underlying remains constant.

Potential Investors should be aware that an investment in the Products involves a valuation risk with regard to the Underlying. They should have experience with transactions in Products with a value derived from an underlying. The value of an underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. If the Underlying comprises a basket of various assets, fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other basket components. In addition, the historical performance of an underlying is not an indication of its future performance. The historical price of an underlying does not indicate its future performance. Changes in the market price of an underlying will affect the trading price of the Products, and it is impossible to predict whether the market price of an underlying will rise or fall.

#### 2.3.5 Information with regard to the Underlying

Information with regard to the Underlying consists of extracts from or summaries of information that is publicly available in respect of the Underlying and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarizing the underlying information. No further or other responsibility (express or implied) in respect of the underlying information is accepted by the Issuer. The Issuer makes no representation that the underlying information, any other publicly available information or any other publicly available documents regarding the underlying asset, index or other item(s) to which the Products relate are accurate or complete. There can be no assurance that all events occurring prior to the Pricing Date of the relevant Products that would affect the trading price of the underlying asset, index or other item(s) to which the Products relate (and therefore the trading price and value of the Products) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the underlying asset, index or other item(s) to which the Products relate could affect the trading price and value of the Products.

#### 2.3.6 Fluctuations in Market Volatility may affect the Value of Products

Market volatility reflects the degree of instability and expected instability of the performance of the equity or commodity market over time. The level of market volatility is not purely a measurement of the actual market volatility, but is largely determined by the prices for derivative instruments that offer Potential Investors protection against such market volatility. The prices of these instruments are determined by forces such as actual market volatility, expected market volatility, other economic and financial conditions and trading speculations.

#### 2.3.7 Risk to Products on a Share or Basket of Shares

Neither the Issuer nor any affiliates of the Issuer have performed any investigations or review of any company issuing any share, including any public filings by such companies. Potential Investors should not conclude that the inclusion of the shares is any form of investment recommendation. Consequently, there can be no assurance that all events occurring prior to the relevant Issue Date, that would affect the

trading price of the share(s), will have been publicly disclosed. Subsequent disclosure of or failure to disclose material future events concerning a company issuing any Underlying could affect the trading price of the share and therefore the trading price of the Product.

### 2.3.8 Investing in the Products is not the same as Investing in the Underlying

Potential Investors should be aware that the market value of the Products may not have a direct relationship with the prevailing price of shares or commodities, and changes in the prevailing price of a share or commodity will not necessarily result in a comparable change in the market value of the Products.

As an Investor in Products, Investors will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying share. The responsibility for registration of the Shares, where applicable, is borne by the Investor.

### 2.3.9 Possible decline in Underlying Value in case of Physical Settlement

To the extent that physical settlement is provided for in the relevant Final Terms, Potential Investors should note that any fluctuations in the price of the Underlying between the Expiration Date of the Product and the delivery of the Underlying on the Redemption Date are borne by the Investors. Losses in the value of the Underlying can therefore still occur after the corresponding Expiration Date, and are borne by the Investors.

### 2.3.10 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Terms, the Products will be redeemed for an amount no less than the specified protection. A capital protection may apply at a level below, at, or above the Nominal of the Product. The capital protection, if any, will not be due if the Products are redeemed prior to their Redemption Date or upon the occurrence of a Market Disruption Event or upon the occurrence of a Tax Call. If no capital protection is applicable the full amount invested by the Investor may be lost. Even if a capital protection applies, the return may be less than the capital protection specified on the Final Terms. The payment of the protection amount may be affected by the condition (financial or otherwise) of the Issuer.

### 2.3.11 Investors must be willing and prepared to hold their Product until Maturity

Investors must be willing and prepared to hold their Product until the Expiration Date. In the case of capital protection, the invested amount is protected only if the Investor holds this Product until the Expiration Date. If an Investor sells the Product in the secondary market prior to the Expiration Date, the Investor will not have capital protection on the portion of the Product sold.

### 2.3.12 Views of the Issuer and Research Reports published by the Issuer

The Issuer and its affiliates from time to time express views on expected movements in any relevant markets in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in these markets. However, these views, depending upon world-wide economic, political and other developments, may vary over differing time-horizons and are subject to change. Moreover, other professionals who deal in these markets may at any time have significantly different views from the views of the Issuer and its affiliates. Investors must derive information about the relevant markets from

multiple sources. Investors should investigate these markets and not rely on views which may be expressed by the Issuer or its affiliates in the ordinary course of the Issuer's or its affiliates' businesses with respect to future market movements.

The Issuer, or one or more of its affiliates may, at present or in the future, publish research reports with respect to movements in equity or commodity markets generally or in the relevant market price specifically. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Products. Any of these activities may affect the market value of the Products.

## **2.4 Risk Factors relating to the Issuer**

### **2.4.1 Non-reliance on Financial Information of the Issuer**

As a global financial services provider, the business activities of the Issuer are affected by the prevailing market situation. Different risk factors can impair the Issuer's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, the Issuer'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 the Issuer's ability to achieve its strategic objectives.

### **2.4.2 General Insolvency Risk**

Each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in case of insolvency of the Issuer, rank *pari passu* with each 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.

### **2.4.3 Effect of Downgrading of the Issuer's Rating**

The general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

### **2.4.4 Potential Conflicts of Interest**

The Issuer and affiliated companies may participate in transactions related to the Products in some way, for their own account or for account of a client. Such transactions may not serve to benefit the Investors and may have a positive or negative effect on the value of the Underlying and consequently on the value of the Products. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Products. 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 Products and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Products, such as Calculation Agent, Paying Agent and/or Index Sponsor.

Furthermore, the Issuer and its affiliates may issue other derivative instruments relating to the respective Underlying; introduction of such competing products may affect the value of the Products. The Issuer and its affiliated companies may receive non-public information relating to the Underlying, and neither the Issuer nor any of its affiliates undertake to make this information available to Investors. 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 affect the value of the Products.

#### 2.4.5 Disclosure with regard to Fees

Within the context of the offering and sale of the Products, 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 Products, 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 Lead Manager, upon request, will provide information on the amount of these fees.

### 3. Definitions

Terms, used but not defined in the General Terms and Conditions, shall have the meaning as specified in the relevant Final Terms.

|                                 |  |
|---------------------------------|--|
| <b>"Business Day"</b>           | means in connection with any payment procedure (i) a day on which SIX SIS AG, DTC, Clearstream Luxembourg and Euroclear are open for business, and (ii) foreign exchange markets settle payments in the Settlement Currency.   |
| <b>"Company"</b>                | means, for Products with Shares as Underlying, the company that has issued such Shares.  |
| <b>"Conversion Ratio"</b>       | means the number of Underlyings into which a given number of Products may be converted.  |
| <b>"Exchange"</b>               | means the stock exchange where the Product is listed, if applicable.   |
| <b>"Exchange Business Day"</b>  | means (i) any Trading Day on which the official closing level of the relevant Underlying is published by the Related Exchange or the Index Sponsor, as the case may be; or (ii) for Products with Commodity Indices as Underlying, any Trading Day on which the official closing level of the Underlying Component is published by the Related Exchange or the Index Sponsor, as the case may be.<br><br>Subject to the provisions set forth in the section headed ' <u>Market Disruption</u> '. |
| <b>"Index"</b>                  | means, for Products with an Index as Underlying, the Index as specified in the Final Terms and published by the relevant Index Sponsor.  |
| <b>"Investor"</b>               | means the person entitled to the rights conferred by the Products.   |
| <b>"Rating"</b>                 | means the Rating as specified in the Final Terms which refers to the long-term credit ratings of Moody's, New York, Standard & Poor's, New York, and Fitch Ratings, London.  |
| <b>"Related Exchange(s)"</b>    | means the exchange(s) on which the relevant Underlying or its components and relating to Products on Commodity Indices the relevant Underlying Components are traded.  |
| <b>"Scheduled Closing Time"</b> | relating to Products with Commodity Indices as Underlying, means in respect of an Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange on such  |

|                                  |   |
|----------------------------------|---|
|                                  | Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.   |
| <b>"Settlement Currency"</b>     | means the currency used for the payment of any redemption amount or any other amount.   |
| <b>"Share(s)"</b>                | means, for Products with shares as Underlying, any outstanding registered or unregistered shares or non-voting equity securities of the relevant Company.   |
| <b>"Trading Day"</b>             | means any day that is a scheduled trading day of the Related Exchange, subject to the provisions set forth in the section headed ' <u>Market Disruption Events</u> '.   |
| <b>"Trading Expiration Time"</b> | means the time on the Expiration Date until which the Products can be traded at the Related Exchange.   |
| <b>"Underlying Component"</b>    | relating to Products with Commodity Indices as Underlying, means in respect of each physical commodity comprised in the Index, each exchange traded future or exchange traded option contracts for that physical commodity, as determined by the Calculation Agent.   |
| <b>"Valuation Date"</b>          | means the Expiration Date and/or any Observation Date(s).<br><br>In relation to a Basket Underlying: If this Date is not an Exchange Business Day for at least one Basket Component, the immediately succeeding Exchange Business Day is deemed to be the relevant Valuation Date in relation to all Basket Components. |



## 4. Terms and Conditions

### 4.1 Status of the Products/Classification

The Products are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu with all present and future, unsecured and unsubordinated obligations without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

The Products do not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus are not subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, Investors in the Products are not eligible for the specific investor protection under the CISA.

### 4.2 Form of Securities

The Products may be issued in the form of bearer notes (including global notes) or in form of book-entry securities.

Global notes will be deposited with the SIX SIS AG, the Swiss Securities Service Corporation in Olten (SIS), or such other clearing system or such other respective common depositary as may be relevant for the particular Product. SIS or any other relevant clearing system, as the case may be, will maintain records of the beneficial interests in the global notes. While the notes are represented by one or more global note(s), noteholders will be able to trade their beneficial interests only through SIS or any other relevant clearing system, as the case may be. Noteholders will not be entitled to receive definitive Notes.

In case the Product is issued the form of book-entry securities (Art. 2 lit. d of the Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 (SESTA)), they will be booked in the clearing system of SIS in accordance with an agreement between SIS and the Issuer, according to which SIS maintains publicly available records of the total volume of book-entry securities issued for a certain Product. The productholder's entitlement to the book-entry securities is based on his/her relevant custody account statement. Book-entry securities do not take the form of actual securities but exist purely as book-entries. Book-entry securities may not be assigned or transferred except through transactions settled through SIS in accordance with its relevant rules and procedures. Productholders will not be entitled to receive definitive Notes.

### 4.3 Adjustments

#### 4.3.1 Adjustments to Products with Shares as Underlying

##### 4.3.1.1 Potential Adjustment Events

Following each Potential Adjustment Event (as defined below), the Issuer shall determine the appropriate adjustment, if any, to be made to any relevant level, including but not limited to, the Strike Level, the Cap Level or the Kick-Out Level, or the Conversion Ratio, and/or any other terms of the Products insofar as they relate to the Shares to account for the dilutive or concentrative effect of the Potential Adjustment

Event or otherwise necessary to preserve the economic equivalent of the rights of the Investors under the Products immediately prior to the Potential Adjustment Event, such adjustment to be effective as of the date determined by the Issuer. Any so resulting fraction per Product will be paid in cash and will not be cumulated.

For the purposes of this Section 3.1.1., 'Potential Adjustment Event' means the declaration by the relevant Company of any of the following:

- (i) a subdivision, consolidation or reclassification of Shares (unless they qualify as Extraordinary Event, as defined in Section 3.1.2 below) or a free distribution of Shares to existing holders by the way of bonus, capitalisation or similar issue;
- (ii) a distribution to existing holders of the Shares of (a) additional Shares or (b) other Share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of the Shares or (c) any other type of securities, rights or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
- (iii) an extraordinary dividend;
- (iv) any event in respect of the Shares analogous to any of the foregoing events or otherwise having, in the reasonable opinion of the Issuer, a dilutive or concentrative effect on the market value of the Shares.

In determining to what extent an adjustment should be made as a result of the occurrence of a Potential Adjustment Event, if options contracts or futures contracts on the Shares are traded on a Related Exchange, the Issuer may take into consideration, but shall not be bound by, any adjustment to the terms of the relevant options contract or futures contract made and announced by such Related Exchange.

In the event that a Potential Adjustment Event would involve the distribution of shares and/or other tradable securities to existing holders of Shares, then the Issuer will endeavour to carry out the adjustment to the extent possible by way of amending the Terms and Conditions of the Products such that they provide for the right to purchase a combination of such shares and/or tradable securities and shares.

#### 4.3.1.2 Extraordinary Events

If any of the following events (each an "Extraordinary Event") occurs prior or on Expiry:

- (i) the Share is reclassified or changed (other than a change in par value, if any as a result of a subdivision or combination);
- (ii) the Company consolidates, amalgamates or merges with or into another entity (other than a consolidation, amalgamation or merger following which the Company is the surviving entity);
- (iii) the Shares are the subject to a Takeover (as defined below);
- (iv) by reason of the adoption of or any change in any applicable law, all assets of the Company or all the outstanding Shares, are nationalised, expropriated or otherwise required to be transferred to any government, governmental agency or authority; or

- (v) by reason of bankruptcy or insolvency (or other analogous event) of the Company (a) all the Shares are required to be transferred to any trustee, liquidator or similar official or (b) holders of the Shares become legally prohibited from transferring them;

then the Issuer shall, in case of the Products entitle to a delivery of Shares,

- (1) if the Extraordinary Event involves an offer solely of Shares (whether of the Company or a third party) (the 'New Shares') determine the number (or fraction) of such New Shares to which a holder of a Share would have been entitled upon the consummation of such Extraordinary Event and the Issuer shall deliver such New Shares on the Redemption Date in lieu of each Share, any so resulting fraction per Product will be paid in cash and will not be cumulated; or
- (2) if the Extraordinary Event involves an offer of (i) cash and/or securities or assets other than New Shares ('Cash Consideration') or (ii) Cash Consideration and New Shares, determine the amount (the 'Replacement Asset') in Cash Consideration and/or New Shares to which a holder of a Share would have been entitled upon the consummation of such Extraordinary Event and the amount of Replacement Assets shall be payable and/or deliverable by the Issuer on the Redemption Date in lieu of each Share. Any so resulting fraction per Product will be paid in cash and will not be cumulated; or
- (3) if the Extraordinary Event involves a merger of two or more Underlying components, or similar actions are taken, through which the Shares are concerned without a choice of the Investors, the Calculation Agent will determine the number of New Shares or fraction thereof to which the Investors would have been entitled to on the respective Redemption Date. The Calculation Agent reserves the right, in its sole and absolute discretion, to replace the affected Shares by shares of another company (the "Replacement Shares"). The Replacement Shares shall, if possible, feature a similar market capitalization, be traded in the same currency and be from the same industry sector.

The obligation by the Issuer in respect of any Products affected by such Extraordinary Event shall be satisfied by payment and/or delivery of any Replacement Asset, Replacement Shares or New Shares pursuant to sub-paragraphs (1) and (2) above.

For the purpose of this section, 'Takeover' in relation to the Shares means that, in the reasonable opinion of the Issuer, a person or several people acting in concert has (or have as the case may be) acquired (whether through a series of transactions or not) Shares amounting to a total of fifty per cent or more of (i) the aggregate nominal value of all issued Shares then outstanding less (ii) the aggregate nominal value of any Shares held by such person (or persons as the case may be) as of the Payment Date provided such acquisition(s) is (are) made on or before the Expiration Date. For the purpose of this Section the term "person" shall include any legal entity and any government, governmental agencies or authorities.

#### 4.3.1.3 Exchange of Shares for other securities of the Company

In the event that the Company would grant to its holders of Shares the right on a discretionary basis to exchange the Shares for other securities of the Company the Investors shall be duly notified thereof in accordance with the section headed 'Notices'. Such notification shall include the date after which the Issuer, in its absolute discretion, shall have the right to replace the Shares deliverable under the Products by such new securities of the Company and such decision shall be binding upon all Investors.

The Lead Manager shall as soon as practicable notify the Investors of any determination made pursuant to the section headed 'Notices'.

#### 4.3.2 Adjustments to Products with a Basket of Shares as Underlying

If the Calculating Agent determines that an event has occurred which has a dilutive concentrative or other effect on any one or more of the Shares which make up the Basket, then following each such event, the Calculation Agent shall determine any corresponding adjustments to the Terms and Conditions (including adjusting the Basket or the redemption amount), which in the opinion of the Calculation Agent are appropriate to account for the dilutive, concentrative or other effect of the relevant event and which adjustments shall be effective as of the date determined by the Calculation Agent. These adjustments shall include the replacement of any one or more of the Shares which are included in the Basket with shares that are not currently included in the Basket.

If an order is made or an effective resolution is passed for the dissolution or liquidation of the Issuer of any one or more of the Shares which make up the Basket of the whole or a substantial part of its undertakings, property or assets, then the relevant Shares will be deemed to have been removed from the Basket and the redemption amount will be adjusted accordingly. If all of the Shares which make up the Basket are removed from the Basket pursuant to this condition, then the Shares will become void for all purposes.

The Lead Manager shall as soon as practicable notify the Investors of any determination made pursuant to the section headed "Notices". The details of any determinations will be available for inspection by Investors at the office of the Lead Manager.

#### 4.3.3 Adjustments to Products with an Index or a Basket of Indices as Underlying

If the Index is (i) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Issuer or (ii) replaced by a successor index using in the determination of the Issuer, the same or a substantially similar formula for, and method of calculation as used in the calculation of the Index, then the Index will be deemed to be the Index so calculated and announced by that successor sponsor or that successor index, as the case may be.

If (i) on or prior to the Expiration Date the Index Sponsor makes a material change in the formula for, or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation and other routine events) or (ii) on the Expiration Date the Index Sponsor fails to calculate and announce the Index, then the Issuer shall calculate the relevant redemption amount using, in lieu of a published level for the Index, the level for the Index as at that date as determined by the Issuer in accordance with the formula for, and method of calculating the Index, last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure.

The Lead Manager shall as soon as practicable notify the Investors of any determination made pursuant to the section headed 'Notices'.

#### 4.3.4 Adjustment to Products with Commodities as Underlying

The Issuer shall notify Investors, according to the provisions set out in the section headed "Notices", of any adjustments as reasonably determined by the Issuer and/or the Calculation Agent. The details of such adjustments will be available for inspection at the offices of the Calculation Agent.

#### 4.3.5 Other Adjustments

The provisions set out in 3.1. – 3.4. shall apply mutatis mutandis to events other than those mentioned, if the concentrative or dilutive effects of these events are, in the reasonable determination of Lead Manager, comparable.

The Lead Manager shall notify the Investors in accordance with the section headed 'Notices' of any adjustments which have been made. The details of such adjustments will be available for inspection at the offices of the Lead Manager.

## 4.4 Market Disruption Event

### 4.4.1 Meaning of Market Disruption Event

#### 4.4.1.1 Meaning of Market Disruption Event if Underlying of Products is related to Shares

**"Market Disruption Event"** means, in relation to Products with Shares as Underlying, in respect of such Share, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) any suspension of or limitation imposed on trading in one or more of the Share(s) by the Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) failure by the applicable Related Exchange or other price source, as applicable, to announce or publish the final closing in respect of any Share;
- (iii) the closure on any Exchange Business Day of the Related Exchange in respect of a Share, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Share,

if in the determination of the Lead Manager or Calculation Agent, any such event is material and the disruption affects either

- (i) the Shares on the Related Exchange; or
- (ii) any options contracts or futures contracts relating to the Shares on any exchange on which options contracts or futures contracts relating to the Shares are traded.

#### 4.4.1.2 Meaning of Market Disruption Event if Underlying of Products is related to a Basket of Shares

**"Market Disruption Event"** means, in relation to Products with a Basket of Shares as Underlying, in respect of such Share, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the Share(s) imposed on trading by the Related Exchange or otherwise and whether by movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) failure by the applicable Related Exchange or other price source, as applicable, to announce or publish the final closing in respect of any Share;
- (iii) the closure on any Exchange Business Day of the Related Exchange in respect of a Share, prior to its scheduled closing time;

- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Share,

if in the determination of the Lead Manager or Calculation Agent, any such event is material and the disruption affects either

- (i) the exchange in securities that comprise 20 per cent or more of the level of the Basket, or
- (ii) any options contracts or futures contracts relating to the Shares on any exchange on which options contracts or futures contracts on the Shares are traded.

#### 4.4.1.3 Meaning of Market Disruption Event if Underlying of Products is related to an Index or a Basket of Indices

**"Market Disruption Event"** means, in relation to Products with an Index as Underlying, in respect of an Index, the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) any suspension of or limitation imposed on trading in one or more of the Index/Indices by the Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) failure by the applicable Related Exchange or other price source, as applicable, to announce or publish the final closing in respect of any relevant Index component;
- (iii) the closure on any Exchange Business Day of the Related Exchange in respect of any Index component, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant Index component,

if in the determination of the Lead Manager or Calculation Agent, any such event is material and the disruption affects either

- (i) the exchange in securities that comprise 20 per cent or more of the level of the relevant Index, or
- (ii) any exchange on which options contracts or futures contracts on the relevant Index are traded in options contracts or futures contracts on that Index.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index at any time, if trading in a component included in that Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that component to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that component relative to (ii) the overall level of that Index, in each case immediately before that suspension or limitation.

#### 4.4.1.4 Meaning of Market Disruption Event if Underlying of Products is related to Commodities (except Commodity Indices)

**"Market Disruption Event"** means, in relation to Products relating to Commodities or a Basket of Commodities the occurrence or existence on any Trading Day of any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the component of the Underlying imposed on trading by the relevant Exchange or otherwise and whether by movements in price exceeding limits permitted by the relevant Exchange or otherwise;
- (ii) failure by the applicable Exchange or other price source as applicable to announce or publish the final closing in respect of any underlying component(s);
- (iii) the closure on any Exchange Business Day of any relevant Exchange in respect of a component of the Underlying, prior to its scheduled closing time;
- (iv) any event (other than an early closure as described above) that disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for any relevant component.

if in the determination of the Lead Manager or Calculation Agent, any such event is material and the disruption affects either

- (i) the Commodities on the Related Exchange; or
- (ii) any options contracts or futures contracts relating to the Commodity or the Basket of Commodities, as the case may be, on any exchange on which options contracts or futures contracts on the Commodities are traded.

#### 4.4.1.5 Meaning of Market Disruption Event if Underlying of Products is related to Commodity Indices

**"Market Disruption Event"** means, in relation to Products with Commodity Indices as Underlying, the occurrence or existence in respect of any Underlying Component on any Trading Day or on any number of consecutive Trading Days any one or more of the following events:

- (i) a limitation, suspension, or disruption of trading in one or more of the Underlying Components imposed on trading by the Related Exchange or otherwise and whether by movements in price exceeding limits permitted by the Related Exchange or otherwise;
- (ii) the settlement price for any Underlying Component is a "limit price", which means that the settlement price for such Underlying Component for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable rules of the Related Exchange;
- (iii) failure by the Related Exchange or other price source as applicable to announce or publish the settlement price in respect of any Underlying Component;
- (iv) the Related Exchange fails to open for trading during its regular trading session;



- (v) the closure on any Exchange Business Day of any Related Exchange in respect of a Underlying Component, prior to its Scheduled Closing Time;
- (vi) any event (other than an early closure as described above) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for any Underlying Component,

if in the determination of the Lead Manager or Calculation Agent, any such event is material.

#### 4.4.2 Consequences of a Market Disruption Event

##### 4.4.2.1 Consequences of a Market Disruption Event if Underlying of the Products are related to Shares, a Basket of Shares, an Index or a Basket of Indices, or to Commodities (except Commodity Indices)

If the Lead Manager or Calculation Agent reasonably determines that a Market Disruption Event has occurred and is continuing on any Valuation Date then the Valuation Date for the relevant Underlying or underlying component shall be postponed to the first following Exchange Business Day on which there is no Market Disruption Event.

In the case of Products with a Basket as Underlying, the Valuation Date for each basket component which is not affected by the Market Disruption Event shall be the originally designated Valuation Date.

If a Market Disruption Event continues for several Trading Days, then the Lead Manager or the Calculation Agent shall determine that the relevant Valuation Date may not be further postponed and fix a Valuation Date, as the case may be, nonetheless continuing Market Disruption Events. The value of affected Underlying(s) shall then be determined by the Lead Manager or Calculation Agent in its sole and absolute discretion but in accordance with established market practice.

In case where a Valuation Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any coupon payment day or any other date, as applicable, will be postponed accordingly.

Upon the occurrence of a Market Disruption Event, the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Market Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Market Disruption Event shall not affect the validity of the occurrence and effect of such Market Disruption Event on the Products.

All determinations made by the Lead Manager or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Market Disruption Event.

##### 4.4.2.2 Consequences of a Market Disruption Event if Underlying of the Products is related to Commodity Indices

If the Lead Manager or Calculation Agent reasonably determines that a Market Disruption Event has occurred then the level of that Index shall not be determined by reference to the official Closing Level of

the Index, if any, announced or published by the Index Sponsor on that Valuation Date, but shall instead be determined by the Calculation Agent as follows:

- (i) with respect to each Underlying Component **not affected** by the occurrence of a Market Disruption Event, the level of the Index will be based on the settlement price of such Underlying Component on the relevant Valuation Date;
- (ii) with respect to each Underlying Component which **is affected** by the occurrence of a Market Disruption Event, the level of the Index will be based on the settlement prices of each such Underlying Component on the first Exchange Business Day following the applicable Valuation Date where there is no such Market Disruption Event with respect to such Underlying Component, provided that, if there is still a Market Disruption Event on the immediately following **eight** Exchange Business Days then the price of such Underlying Component to be used in calculating the level of the Index (which for the avoidance of doubt could be zero) shall be determined by the Calculation Agent in its sole discretion and acting in good faith on the **eighth** Exchange Business Day following the relevant Valuation Date

The Calculation Agent shall determine the level of the Index in respect of the applicable Valuation Date using the settlement prices determined in sub-paragraphs (i) and (ii) above in accordance with the formula for and method of calculating the level of the Index last in effect prior to the occurrence of the Market Disruption Event.

In case where a Valuation Date is postponed as a consequence of a Market Disruption Event, the Redemption Date, any coupon payment day or any other date, as applicable, will be postponed accordingly.

Upon the occurrence of a Market Disruption Event, the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Market Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Market Disruption Event shall not affect the validity of the occurrence and effect of such Market Disruption Event on the Products.

All determinations made by the Lead Manager or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Market Disruption Event.

## 4.5 FX Disruption Event

### 4.5.1 Meaning of a FX Disruption Event

**"FX Disruption Event"** means the occurrence of any event on any day or any number of consecutive days as determined by the Calculation Agent in its sole and reasonable discretion that affects the Issuer's currency hedging (if any) with respect to the Products.

### 4.5.2 Consequences of an FX Disruption Event relating to the Products

Notwithstanding any other provisions contained herein the Calculation Agent may in its sole and reasonable discretion increase or decrease, as the case may be, the redemption amount to account for

any income, loss, costs (including hedging costs) and expenses that are in the Calculation Agent's sole and reasonable discretion attributable to, or as a result of, the FX Disruption Event.

## **4.6 Settlement Disruption Event**

### **4.6.1 Meaning of a Settlement Disruption Event**

**"Settlement Disruption Event"** shall mean an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the relevant asset(s) as specified in the relevant Final Terms on the Redemption Date.

### **4.6.2 Consequences of a Settlement Disruption Event**

If the Lead Manager or the Calculation Agent reasonably determines that a Settlement Disruption Event has occurred and is continuing on the Redemption Date, then such Redemption Date shall be postponed to the first Business Day following the termination of the Settlement Disruption Event.

If a Settlement Disruption Event continues for several Business Days, then the Lead Manager or the Calculation Agent shall determine that the Redemption Date may not be further postponed and fix a Redemption Date, as the case may be, despite continuing Settlement Disruption Events. In lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole and absolute discretion but in accordance with established market practice to satisfy and discharge its obligations in respect of the relevant Products.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the relevant assets comprising the redemption entitlement, the Redemption Date for the relevant assets not affected by the Settlement Disruption Event will be the originally designated Redemption Date.

Upon the occurrence of a Settlement Disruption Event, the Lead Manager shall give notice as soon as practicable to the Investors in accordance with the section headed 'Notices' stating that a Settlement Disruption Event has occurred and providing details thereof. Failure of the Calculation Agent to notify the parties of the occurrence of a Settlement Disruption Event shall not affect the validity of the occurrence and effect of such Settlement Disruption Event on the Products.

All determinations made by the Lead Manager or the Calculation Agent pursuant to this section shall be conclusive and binding on the Investor and the Issuer. The Investor will not be entitled to any compensation from the Issuer for any loss suffered as a result of the occurrence of a Settlement Disruption Event.

## **4.7 Listing**

The Listing, if any, of the Products, will be applied for on the relevant Exchange and will be maintained on the relevant Exchange during the life of the Products.

#### **4.8 Taxation/Tax Call**

Each Investor shall assume and be responsible for any and all taxes, duties, fees and charges imposed on or levied against (or which could be imposed on or levied against) such Investor in any jurisdiction or by any governmental or regulatory authority.

The Issuer and the Paying Agent shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to the Investor such amount as is necessary for the payment of any such taxes, duties, fees and/or charges.

In any case where any governmental or regulatory authority imposes on the Issuer the obligation to pay any such taxes, duties, fees and/or charges the Investor shall promptly reimburse the Issuer.

Potential Investors should inform themselves with regard to any tax consequences particular to their circumstances arising in the jurisdiction in which they are resident or domiciled for tax purposes in connection with the acquisition, ownership, redemption or disposal by them of any Products.

The Issuer may redeem all Products in case any present or future taxes, duties or governmental charges would be imposed by any jurisdiction in which the Issuer is or becomes subject to tax as a result of any change in laws or regulations of the relevant jurisdiction. The Lead Manager shall as soon as practicable notify the Investors of such redemption pursuant to the section headed 'Notices'.

#### **4.9 Further Issues**

The Issuer reserves the right to issue at any time, without consent of the Investors, further Products ranking pari passu with previously issued Products.

#### **4.10 Severability and Amendment of Terms and Conditions**

In the event any term or condition is, or becomes invalid, the validity of the remaining terms and conditions shall in no manner be affected thereby.

The Issuer shall be entitled to amend any term or condition for the purpose of clarifying any uncertainty, or correcting or supplementing the provisions herein in such manner as the Issuer deems necessary or desirable, provided that the Investor does not incur significant financial loss as a consequence thereof.

However, the Issuer shall at all times be entitled to amend any terms or conditions where, and to the extent, the amendment is necessitated as a consequence of legislation, decisions by courts of law, or decisions taken by governmental authorities.

#### **4.11 Calculation**

The Calculation Agent's calculations and determinations hereunder shall (save in the case of manifest error) be final and binding on the Investors. The Calculation Agent will have no responsibility for good faith errors or omissions in calculation of the value of the Underlying as provided herein.

The Investors shall not be entitled to make any claim against the Issuer in the case where the related exchange or any third party shall have made any misstatement as to the Underlying.

#### **4.12 Substitution**

The Issuer may at any time and from time to time, without the consent of the Investors, substitute for itself as obligor under the Products any affiliate, branch, subsidiary or holding company of UBS AG (the "New Issuer") provided that (i) the New Issuer shall assume all obligations that the Issuer owes to the Investors under or in relation to the Products, and (ii) such New Issuer shall at all times after such substitution have either:

- a credit rating equivalent to or better than the Issuer, or
- its obligations to Investors under the Products guaranteed by the Issuer.

If such substitution occurs, then any reference in the Product Documentation to the Issuer shall be construed as a reference to the New Issuer. Any substitution will be promptly notified to the Investor in accordance with the section headed 'Notices'. In connection with any exercise by the Issuer of the right of substitution, the Issuer shall not be obliged to carry any consequences suffered by individual Investors as a result of the exercise of such right and, accordingly, no Investor shall be entitled to claim from the Issuer any indemnification or repayment with respect of any consequence.

#### **4.13 Illegality**

If the Issuer determines that the performance of its obligations under the Products or that any arrangements made to hedge the Issuer's obligations have become illegal in whole or in part for any reason, the Issuer may cancel the Products by providing notice to Investors in accordance with the section headed 'Notices'.

If the Issuer cancels the Products then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Investor in respect of each Product held by an Investor. The amount shall be the fair market value of a Product less the costs incurred by the Issuer when unwinding any underlying related hedging arrangements, all as determined by the Lead Manager or Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as will be notified to the Investors in accordance with the section headed 'Notices'.

#### **4.14 Notices**

##### 4.14.1 To the Issuer

Notice may be given to the Issuer by delivering such notice in writing to UBS at Bahnhofstrasse 45, P.O.Box, CH-8098 Zurich or such other address as may be notified to the Investors in accordance with this section.

##### 4.14.2 To the Investors

All notices shall be validly given by publication in electronic media such as Reuters and/or Investdata. In addition, any changes with regard to the terms of the Products shall be published on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

#### **4.15 Statutory Period of Limitation**

In accordance with Swiss law, claims of any kind against the Issuer in connection with the Products for, inter alia, payment of any amount, or, if applicable, delivery of any Underlying will be prescribed 10 years after the date on which the early or regular redemption of the Products (whichever is applicable), has become due.

#### **4.16 Proceeds from the Sale of Products**

The net proceeds from the sale of the Products will be used by the Issuer for general corporate purposes.

The Issuer has taken the necessary steps to secure its obligations.

#### **4.17 Applicable Law and Jurisdiction**

The form and contents of the Products are subject to and governed by Swiss law. Exclusive place of jurisdiction for all disputes affecting the Products and the rights and obligations attached thereto shall be Zurich, Switzerland.

# Description of UBS AG based on the third quarter 2009 report

(Amended on 19 November 2009 in section 1)

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## 1. Overview

UBS AG ("UBS AG" or "UBS" or the "Issuer" or the "Company") with its subsidiaries, is a global firm providing financial services to private, corporate and institutional clients. Its strategy is to focus on international wealth management and the Swiss banking business, alongside its global expertise in investment banking and asset management. With headquarters in Zurich and Basel, Switzerland, UBS is present in all major financial centers and has offices in over 50 countries. On 30 September 2009, UBS employed 69,023 people<sup>1</sup>.

UBS is, according to its own opinion, one of the best-capitalized financial institutions in the world. On 30 September 2009 the BIS Tier1<sup>2</sup> ratio was 15.0%, invested assets stood at CHF 2,258 billion, equity attributable to UBS shareholders was CHF 39,536 million and market capitalization was CHF 67,497 million.

The rating agencies Standard & Poor's Inc. ("Standard & Poor's"), Fitch Ratings ("Fitch") and Moody's Investors Service Inc. ("Moody's") have assessed the creditworthiness of UBS, i.e. the ability of UBS to fulfill payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing, in a timely manner. The ratings from Fitch and Standard & Poor's may be attributed a plus or minus sign, and those from Moody's a number. These supplementary attributes indicate the relative position within the respective rating class. UBS currently has long-term senior debt ratings of A+ (outlook stable) from Standard & Poor's, Aa3 (outlook negative) from Moody's<sup>3</sup> and A+ (outlook stable) from Fitch.

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<sup>1</sup> Full-time equivalents.

<sup>2</sup> BIS Tier 1 ratio is the ratio of eligible Tier 1 capital to BIS risk-weighted assets. Eligible Tier 1 capital comprises paid-in share capital, share premium, retained earnings including current year profit, foreign currency translation and minority interests less certain deduction items, mainly comprising accrued dividends, net long positions in own shares and goodwill.

<sup>3</sup> On 18 November 2009, Moody's downgraded UBS's long-term senior debt rating to Aa3 from Aa2.

## 2. Corporate Information

The legal and commercial name of the Company is UBS AG. The Company was incorporated under the name SBC AG on 28 February 1978 for an unlimited duration and entered in the Commercial Register of Canton Basel-City on that day. On 8 December 1997, the Company changed its name to UBS AG. The Company in its present form was created on 29 June 1998 by the merger of Union Bank of Switzerland (founded 1862) and Swiss Bank Corporation (founded 1872). UBS AG is entered in the Commercial Registers of Canton Zurich and Canton Basel-City. The registration number is CH-270.3.004.646-4.

UBS AG is incorporated and domiciled in Switzerland and operates under Swiss Code of Obligations and Swiss Federal Banking Law as an Aktiengesellschaft, a corporation that has issued shares of common stock to investors.

The addresses and telephone numbers of UBS's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8098 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

UBS shares are listed on the SIX Swiss Exchange, the New York Stock Exchange and the Tokyo Stock Exchange.

According to Article 2 of the Articles of Association of UBS AG ("Articles of Association") the purpose of UBS is the operation of a bank. Its scope of operations extends to all types of banking, financial, advisory, service and trading activities in Switzerland and abroad.

## 3. Business Overview

### 3.1 Business Divisions and Corporate Center

Organizationally, UBS has operated throughout 2008 as a Group with three business divisions (Global Wealth Management & Business Banking, Global Asset Management and the Investment Bank) and a Corporate Center. As announced on 10 February 2009, Global Wealth Management & Business Banking has been divided into two business divisions: Wealth Management & Swiss Bank and Wealth Management Americas. Each of the business divisions and the Corporate Center is described below. A full description of their strategies, organization, products, services and markets (under the 2008 structure) can be found in the restated Annual Report 2008 of UBS AG published on 20 May 2009 (the "Annual Report 2008"), in the English version on pages 74–115 (inclusive).

#### 3.1.1 Wealth Management & Swiss Bank

Wealth Management & Swiss Bank caters to high net worth and ultra high net worth individuals around the world (except those served by Wealth Management Americas) whether they are investing internationally or in their home country. UBS offers these clients a complete range of tailored advice and investment services. Its Swiss Bank business provides a complete set of banking services for Swiss individual and corporate clients.

#### 3.1.2 Wealth Management Americas

Wealth Management Americas provides advice-based relationships through its financial advisors who deliver a fully integrated set of products and services specifically designed to address the needs of high net worth and ultra high net worth individuals and families. It includes the former Wealth Management US business unit, as well as the domestic Canadian business and international business booked in the United States.

#### 3.1.3 Global Asset Management

Global Asset Management is, in its own opinion, one of the world's leading asset managers, providing investment solutions to private clients, financial intermediaries and institutional investors worldwide. It offers diverse investment capabilities and investment styles across all major traditional and alternative asset classes. Specialist equity, fixed income, currency, hedge fund, real estate, infrastructure and private equity investment capabilities can also be combined in multi-asset strategies.

#### 3.1.4 Investment Bank

The Investment Bank provides securities and other financial products and research in equities, fixed income, rates, foreign exchange and precious metals. It also provides advisory services as well as access to the world's capital markets for corporate, institutional, intermediary and alternative asset management clients.

### 3.1.5 Corporate Center

The Corporate Center ensures that all business divisions operate as a coherent and effective whole by providing and managing support and control functions for the business divisions and the Group in such areas as risk management and control, finance, legal and compliance, marketing and communications, funding, capital and balance sheet management, management of foreign currency earnings, human resources, information technology infrastructure and service centers.

## 3.2 Organizational Structure of the Issuer

UBS AG is the parent company of the UBS Group. The objective of UBS's group structure is to support the business activities of the Company within an efficient legal, tax, regulatory and funding framework. None of the individual business divisions of UBS or the Corporate Center are legally independent entities; instead, they primarily perform their activities through the domestic and foreign offices of the parent bank.

Settlement of transactions through the parent bank allows UBS to fully exploit the advantages generated for all business divisions through the use of a single legal entity. In cases where it is impossible or inefficient to process transactions via the parent, due to local legal, tax or regulatory provisions or newly acquired companies, these tasks are performed on location by legally independent Group companies. UBS's significant subsidiaries are listed in the Annual Report 2008, in English, on pages 347-350 (inclusive).

## 3.3 Competition

UBS faces stiff competition in all business areas. Both in Switzerland and abroad, it competes with asset management companies, commercial, investment and private banks, brokerages and other financial services providers. Competitors include not only local banks, but also global financial institutions, which are similar to UBS in terms of both size and services offered.

In addition, the consolidation trend in the global financial services sector is introducing new competition, which may have a greater impact on prices, as a result of an expanded range of products and services and increased access to capital and growing efficiency.

## 3.4 Recent Developments

On 3 November 2009 UBS reported a third quarter 2009 net loss attributable to UBS shareholders of CHF 564 million (CHF 1,402 million in second quarter), or CHF 593 million on a pre-tax basis, due to three substantial accounting charges. In third quarter UBS incurred an own credit charge of CHF 1,436 million for financial liabilities designated at fair value (CHF 1,213 million in second quarter); a net loss of CHF 409 million in relation to the closing of the UBS Pactual sale; and a loss of CHF 305 million as a result of the conversion of the mandatory convertible notes issued to the Swiss Confederation. After adjusting the pre-tax loss for the mentioned charges, the underlying pre-tax profit was CHF 1,557 million, a further improvement compared to the prior quarter. The improvement in underlying Group profitability was driven by better performance in the Investment Bank's fixed income, currencies and commodities business. Net new money outflows were CHF 16.7 billion for Wealth Management & Swiss Bank, CHF 9.9 billion for Wealth Management

Americas, and CHF 10.0 billion for Global Asset Management. UBS further reduced risk exposures and its balance sheet during third quarter 2009.

On 17 November 2009 at its 2009 Investor Day in Zurich, UBS's Group Executive Board has provided an update on the ongoing transformation of the firm, and the strategy and medium-term targets that will characterize UBS's return to sustainable profitability. UBS intends to be the leading client-focused global bank. It will strengthen its position as the number one bank for high net worth (HNW) and ultra high net worth (UHNW) private clients and remain the number one bank in Switzerland. In addition, it will be a top-tier bank in every growth region, the leading client-focused investment bank and economically profitable in every segment, market and business in which it operates.

The continuing transformation of UBS and the execution of the business strategies presented to investors will enable UBS to meet specific goals over the medium-term (3-5 years). UBS aims to achieve: approximately CHF 15 billion of annual profit before tax; a cost-to-income ratio of 65-70%; and a return-on-equity of 15-20%. The objectives will be subject to market movements and regulatory changes.

As the stabilization of the firm continues, the following specific medium-term financial targets have been set:

|   |   |
|---|---|
| <b>Wealth Management &amp; Swiss Bank</b>       | <ul style="list-style-type: none"> <li>• Operating income of CHF ~14.3 billion</li> <li>• Profit before tax of CHF ~6.5 billion</li> <li>• Cost-to-income ratio of ~54%</li> </ul>  |
| Wealth Management                               | <ul style="list-style-type: none"> <li>• Operating income of CHF ~10 billion</li> <li>• Profit before tax of CHF ~4.6 billion</li> <li>• Invested assets &gt;CHF 1 trillion</li> <li>• Gross margin &gt;100 bps</li> <li>• Net new money growth of ~5% of invested assets p.a.</li> <li>• ~4,700 client advisers</li> </ul> |
| Swiss Bank                                      | <ul style="list-style-type: none"> <li>• Operating income of CHF ~4.3 billion</li> <li>• Profit before tax of CHF ~1.9 billion</li> <li>• Cost-to-income ratio of ~54%</li> </ul>   |
| <b>Investment Bank (normalized)<sup>4</sup></b> | <ul style="list-style-type: none"> <li>• Revenues of CHF ~20 billion</li> <li>• Profit before tax of CHF ~6 billion</li> <li>• Cost-to-income ratio of ~70%</li> <li>• Assets (excluding PRVs) of CHF ~550 billion</li> </ul>   |
| <b>Wealth Management Americas</b>               | <ul style="list-style-type: none"> <li>• Profit before tax &gt;CHF 1 billion</li> <li>• Cost-to-income ratio of between 80-85%</li> </ul>   |
| <b>Global Asset Management</b>                  | <ul style="list-style-type: none"> <li>• Profit before tax CHF ~1.3 billion</li> <li>• Operating income &gt;CHF 3 billion</li> <li>• Cost-to-income ratio of 50-60%</li> </ul>  |
| <b>Asia Pacific<sup>5</sup></b>                 | <ul style="list-style-type: none"> <li>• 66% revenue growth to CHF ~8.5 billion from current levels</li> </ul>  |
| <b>Total Balance Sheet Assets (IFRS)</b>        | <ul style="list-style-type: none"> <li>• CHF ~1.5 trillion</li> </ul>   |
| <b>Total Balance Sheet excl PRVs</b>            | <ul style="list-style-type: none"> <li>• CHF ~1 trillion</li> </ul>   |

<sup>4</sup> Targets are "normalized" by excluding all IB residual risk positions and related costs and restructuring charges, assuming that credit loss expense will equate to the 2004-2009 average (excluding reclassified assets), and applying funding cost assumptions based on 3<sup>rd</sup> quarter 2009 funding. On this basis the Investment Bank's profit before tax for the nine months ended 30 September 2009 was approximately CHF 2.5 billion.

<sup>5</sup> The Investment Bank component of the Asia Pacific targets is based on "normalized" targets.

The Group and divisional plans reflect: the different way in which UBS will be managed, the renewed – and improved – focus on performance and the protection of the Group's reputation. Integration will be a key underlying force of the new UBS and will be enhanced through a systematic approach with explicit structures and incentives.

#### *Wealth Management & Swiss Bank*

Wealth Management: UBS remains the world's leading wealth management firm with number one market positions in Europe, Switzerland, Asia Pacific and certain other emerging markets. Wealth Management has a strong global footprint – it's represented in 44 countries and has booking centers in 18, along with a highly attractive client base, notably the largest UHNW and HNW franchises globally. It also has broad product capabilities due to its partnership with other UBS divisions.

To meet its medium-term targets, wealth management has launched initiatives to address margin decline, transform the offshore business, accelerate investment in selected onshore markets, expand the firm's already leading UHNW franchise and realize the benefits of delivering a genuinely integrated product offering. The higher revenues and gross margins outlined in the medium-term targets of the business are to be achieved by reversing client outflows, improving investment performance and the quality of advice, maintaining its position as an industry cost leader and delivering the integrated firm to clients in a structured and consistent manner. Outflows are affected by a number of factors including tax amnesties, deleveraging, diversification, consumption, reputation and client adviser attrition. As UBS transitions from financial stability to financial success, clients will regain confidence in the firm, leading to a reversal of the outflows. External observers have tended to over-estimate the potentially negative impact of European tax amnesties on invested assets. In fact, of CHF 435 billion of total European invested assets, approximately one quarter represents cross-border private client assets in countries neighboring Switzerland and in the UK. UBS already has a strong onshore presence in these markets, which should enable the firm to retain repatriated funds. UBS also expects that invested asset losses in traditional European markets will be offset by inflows from emerging markets.

Swiss Bank: UBS remains the dominant financial services business in Switzerland, and business volumes have stabilized. Based on year-to-date results through 30 September 2009, business volumes are equal to 2008 in Swiss Bank's retail segment (measured as client assets and mortgages) and exceed 2007 levels in its corporate segment (measured as client assets and loans). Despite its overall leading position, UBS can improve its penetration of the Swiss market. For example, an increase in the number of products used by each client represents a material growth opportunity for retail and corporate, making integration across all of UBS's products and businesses in Switzerland the top priority of the leadership team in charge of all activities in the bank's home market. In the retail segment, students, young professionals, families and pre-retirees will be a special focus. Swiss Bank will distribute its lifecycle products in a systematic and convenient manner.

*Investment Bank*: The recovery of the Investment Bank is evident. It has taken significant steps to stabilize its business and has hired new talent to execute its strategy. The cash equities, equity capital markets and FX businesses each retain top three global franchises. The Investment Bank's strategy is to implement an integrated, flow- and advisory-based, client-centric business model.

The rebuilding of the Fixed Income, Currencies and Commodities (FICC) business is central to the continuing recovery of the Investment Bank. The FICC business aims to generate medium-term quarterly revenues of more than CHF 2.0 billion on a normalized basis, reflecting substantially increased contributions from foreign exchange and money market, rates and emerging markets,

and a modestly increased contribution from the credit business. Efforts to reach this target include enhancing the control and infrastructure framework, hiring experienced professionals to drive change, increasing inventory velocity, rebuilding distribution capabilities, returning clients to the heart of the business and improving results.

In the Equities business, the existing derivatives, exchange-traded derivatives and prime brokerage offerings will grow through an enhanced intermediaries platform, a still greater focus on balance sheet efficiency and expanded product offerings for clients. Equities is targeting medium-term normalized quarterly revenues of greater than CHF 1.75 billion.

The Investment Banking Department (IBD) aims to generate quarterly revenues of more than CHF 1 billion. IBD will lead UBS's corporate marketing and expand its offering of cross-product advisory solutions. The business intends to better leverage senior IBD relationships across UBS and increase cross-product awareness and education.

*Global Asset Management:* Monetizing improved investment performance across asset classes is a key element of the Global Asset Management strategy. At the end of Q3 2009, eight of the businesses' 13 key strategies had returned above-benchmark performance in each of the preceding one-, three- and five-year periods. This performance, combined with diversification of the business across geographies, capabilities and distribution channels in recent years, will provide the basis for future growth. Third-party institutional and wholesale distribution will be expanded; cooperation with UBS's wealth management business increased; and UBS's existing strong positions in emerging markets – in particular, China, Korea and the Middle East – leveraged, to help the division meet its medium-term objectives. Global Asset Management expects net new money to be positive starting in 2010 and anticipates that the proportion of its business from third parties will increase in the medium term.

*Wealth Management Americas:* The recent appointment of Robert J. McCann, chairman and CEO Wealth Management Americas, emphasizes the importance of this division. Within the first two weeks of his appointment, McCann formed a renewal team focused on strategically re-engineering all aspects of the business. Improving the client experience and enhancing the ability of financial advisors (FAs) to address client needs in a challenging market environment are the objectives. This business currently has a strong foundation with approximately CHF 694 billion of invested assets. Going forward Wealth Management Americas will position itself as an advice-led FA platform through improved FA productivity, a focus on the UHNW and HNW segments and disciplined management resulting in increased profitability.

*Asia Pacific:* UBS retains the strongest combination of investment banking and wealth management businesses in this fast-growing region. UBS also possesses the breadth and consistency of presence in the region essential for sustained success. Its heritage and excellent competitive position will help the Investment Bank meet its medium-term goals by extending its existing leadership position in equities, IBD and FX and by growing the FICC business. The Wealth Management business will expand in both established and select high-potential domestic markets. Growth rates in Global Asset Management will be maintained. UBS will continue to invest in this important region, which will assist all divisions in meeting their medium-term targets. Asia Pacific is already the firm's most integrated region, and UBS plans to deliver to clients an ever-more integrated firm in the future.

*Capital and Risk:* Value at Risk is forecast to progressively increase from current low levels as volumes increase in the Investment Bank's client-driven flow businesses. Risk-weighted assets are expected to increase from current levels (CHF 211 billion) to approximately CHF 290 billion as a result of both the revised Basel II framework and controlled risk taking in the Investment Bank. UBS will seek to further improve its leverage ratio to over 5% and reduce the level of FINMA adjusted

assets used to calculate the ratio to about CHF 800 billion. Regulatory capital changes currently being considered are likely to require a restrictive dividend policy for some time to come.

For a description of certain other recent developments through the date of publication of UBS's third quarter 2009 report (3 November 2009), refer to the "Recent Developments" section of that report, on page 7.

### **3.5 Trend Information (Outlook)**

Having stabilized the bank's financial condition and resized the business, UBS expects to see further progress in restoring the underlying profitability of the business in future quarters, particularly in 2010. However, this progress will depend on market and other factors. The early part of 2010 should reflect the full impact of 2009's cost reductions. UBS does not expect an immediate recovery in client net new money flows, and the impact of low interest rates on net interest income continues to hold back revenues, especially in Wealth Management & Swiss Bank. UBS expects the Investment Bank's performance to continue to improve into 2010, but its fourth quarter results will likely reflect the early stage of its recovery. In addition, based on current conditions, UBS expects another own credit charge in the fourth quarter as a result of further tightening of our credit spreads.



## 4. Administrative, Management and Supervisory Bodies of the Issuer

UBS operates under a strict dual board structure, as mandated by Swiss banking law. This structure establishes checks and balances and creates an institutional independence of the Board of Directors ("BoD") from the day-to-day management of the firm, for which responsibility is delegated to the Group Executive Board ("GEB"). No member of one Board may be a member of the other.

The supervision and control of the executive management remains with the BoD. The Articles of Association and the Organization Regulations of UBS AG with their annexes govern all details as to authorities and responsibilities of the two bodies.

### 4.1 Board of Directors

The BoD is the most senior body of UBS. The BoD consists of at least six and a maximum of 12 members. All the members of the BoD are elected individually by the annual general meeting ("AGM") for a term of office of one year<sup>6</sup>. The BoD constitutes itself at its first meeting following the AGM. In this meeting the Chairman, the vice chairman/vice chairmen, the senior independent director, the committee chairmen and the committee members are elected among and by the BoD members. The BoD committees comprise the audit committee, the corporate responsibility committee, the governance and nominating committee, the human resources and compensation committee and the risk committee.

The BoD has ultimate responsibility for the success of the UBS Group and for delivering sustainable shareholder value within a framework of prudent and effective controls. It decides on UBS's strategic aims and the necessary financial and human resources upon recommendation of the Group Chief Executive Officer ("Group CEO") and sets the UBS Group's values and standards to ensure that its obligations to its shareholders and others are met. The BoD's proposal for election must be such that three quarters of the BoD members will be independent. While the Chairman does not need to be independent, at least one of the vice chairmen must be. The BoD meets as often as business requires, and at least six times a year.

The business address of the members of the BoD is UBS AG, Bahnhofstrasse 45, CH-8098 Zurich, Switzerland.

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<sup>6</sup> At the annual general meeting on 23 April 2008 the shareholders reduced the term of office for the members of the BoD from three years to one year. As a result, the new members were elected for one year. For existing members the one-year term starts from the point at which they are re-elected.

## Board of Directors of UBS AG

The BoD consists of twelve members:

|                    | <b>Title</b>  | <b>Term of office</b> | <b>Position outside UBS AG</b>  |
|--------------------|---|-----------------------|---|
| Kaspar Villiger    | Chairman  | 2010                  | None  |
| Sergio Marchionne  | Independent vice chairman / Senior independent director | 2010                  | CEO and member of the supervisory board of Fiat S.p.A., Turin; CEO of Fiat Group Automobiles; CEO of Chrysler Group LLC; Chairman of SGS, Geneva; member of the BoD of Philip Morris International Inc., New York; member of Acea (European Automobile Manufacturers Association); Chairman of CNH Case New Holland Global N.V., Amsterdam. |
| Sally Bott         | Member  | 2010                  | Group HR Director and member of the Group Executive Committee of BP Plc; member of the board of the Royal College of Music in London; member of the board of the Carter Burden Center for the Aged in NYC.  |
| Michel Demaré      | Member  | 2010                  | CFO and member of the Group Executive Committee of ABB; president of Global Markets at ABB; member of the foundation board of IMD, Lausanne.  |
| Rainer-Marc Frey   | Member  | 2010                  | Founder and Chairman of Horizon21; member of the BoD of DKSH Group, Zurich; member of the advisory board of Invision Private Equity AG, Zug; member of the BoD of the Frey Charitable Foundation, Freienbach.   |
| Bruno Gehrig       | Member  | 2010                  | Vice chairman of the BoD of Roche Holding AG, Basel; Chairman of the Swiss Air Transport Foundation, Zug.   |
| Ann F. Godbehere   | Member  | 2010                  | Non executive director of Prudential Plc; member of the board of the Lloyd's managing agency Atrium Underwriters Group Ltd.; member of the board of Ariel Holdings.   |
| Axel P. Lehmann    | Member  | 2010                  | Group Chief Risk Officer and member of the Group Executive Committee of Zurich Financial Services (Zurich); responsible for Group IT at Zurich; Chairman of the board of the Institute of Insurance Economics at the University of St. Gallen.  |
| Helmut Panke       | Member  | 2010                  | Member of the BoD of Microsoft Corporation, Redmond, WA (USA); member of the supervisory board of Bayer AG (Germany); member of the BoD of the American Chamber of Commerce in Germany.   |
| William G. Parrett | Member  | 2010                  | Independent director of Eastman Kodak Co., Blackstone Group LP and Thermo Fisher Scientific Inc., USA;  |

|                |        |      |   |
|----------------|--------|------|---|
|                |        |      | Chairman of the BoD of the United States Council for International Business and of United Way of America; member of the board of trustees of Carnegie Hall; member of the Executive Committee of the International Chamber of Commerce.       |
| David Sidwell  | Member | 2010 | Director of the Federal National Mortgage Association Fannie Mae; trustee of the International Accounting Standards Committee Foundation, London; Chairman of the BoD of Village Care of New York; director of the National Council on Aging. |
| Peter R. Voser | Member | 2010 | CEO and executive BoD member of Royal Dutch Shell plc, London; member of the BoD of the Swiss Federal Auditor Oversight Authority.  |

#### 4.2 Group Executive Board

Under the leadership of the Group CEO, the GEB has executive management responsibility for the UBS Group and its business. It assumes overall responsibility for the development of the UBS Group and business division strategies and the implementation of the approved strategies. All GEB members (with the exception of the Group CEO) are proposed by the Group CEO. The appointments are approved by the BoD.

The business address of the members of the GEB is UBS AG, Bahnhofstrasse 45, CH-8098 Zurich, Switzerland.

#### Group Executive Board of UBS AG

The GEB consists of thirteen members:

|                          |  |
|--------------------------|--|
| Oswald J. Grübel         | Group Chief Executive Officer  |
| John Cryan               | Group Chief Financial Officer  |
| Markus U. Diethelm       | Group General Counsel  |
| John A. Fraser           | Chairman and Chief Executive Officer Global Asset Management                         |
| Carsten Kengeter         | co-CEO Investment Bank   |
| Ulrich Körner            | Group Chief Operating Officer and Chief Executive Officer Corporate Center           |
| Philip J. Lofts          | Group Chief Risk Officer   |
| Robert J. McCann         | Chief Executive Officer Wealth Management Americas                                   |
| Francesco Morra          | Chief Executive Officer Switzerland, Wealth Management & Swiss Bank                  |
| Alexander Wilmot-Sitwell | co-CEO Investment Bank   |
| Robert Wolf              | Chairman and Chief Executive Officer, UBS Group Americas / President Investment Bank |
| Chi-Won Yoon             | Chairman and Chief Executive Officer, Asia Pacific                                   |
| Jürg Zeltner             | Chief Executive Officer Wealth Management Global, Wealth Management & Swiss Bank     |

No member of the GEB has any significant business interests outside the Bank.

#### **4.3 Potential conflicts of interest**

Members of the BoD and GEB may act as directors or executive officers of other companies (for current positions outside UBS (if any) of BoD members, please see above under "Board of Directors of UBS AG") and may have economic or other private interests that differ from those of UBS. Potential conflicts of interest may arise from these positions or interests. UBS is confident that its internal corporate governance practices and its compliance with relevant legal and regulatory provisions reasonably ensure that any conflicts of interest of the type described above are appropriately managed, including through disclosure when appropriate.

## 5. Auditors

On 15 April 2009, the AGM of UBS re-elected Ernst & Young Ltd, Aeschengraben 9, 4002 Basel, Switzerland ("Ernst & Young") as auditors for the financial statements of UBS and the consolidated financial statements of the UBS Group for a further one-year term. Ernst & Young Ltd., Basel, is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

## 6. Major Shareholders of the Issuer

The ownership of UBS shares is broadly dispersed.

On 25 August 2009, The Capital Group Companies, Inc., Los Angeles, disclosed under the Swiss Stock Exchange Act a holding of 4.38% of the total share capital of UBS.

As of 30 September 2009, the following shareholders, acting in their capacity as nominees for other investors or beneficial owners, were registered in UBS's share register with 3% or more of the total share capital of UBS: Chase Nominees Ltd., London (11.81%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (8.23%); Mellon Bank N.A., Everett (3.39%) and Nortrust Nominees Ltd, London (3.13%). Pursuant to UBS's provisions on registration of shares, voting rights of nominees are limited to 5%. This regulation does not apply to securities clearing and settlement organizations. Only shareholders registered in UBS's share register as shareholders with voting rights are entitled to exercise voting rights.

As of 30 September 2009, UBS held a stake of UBS registered shares, which corresponded to less than 3.00% of its total share capital. As of 25 August 2009 UBS had disposal positions relating to 650,879,280 of its shares, corresponding to 18.29% of the total share capital. These positions included the number of shares to be issued upon the future conversion of the Mandatory Convertible Notes issued in March 2008 to the Government of Singapore Investment Corporation Pte. Ltd, Singapore, and an investor from the Middle East.

Further details on the distribution of UBS shares, the number of registered and non-registered securities, voting rights as well as distribution by shareholder categories and geographical regions can be found in the Annual Report 2008, in English, on pages 195-198 (inclusive).

## 7. Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

### 7.1 Historical Annual Financial Information

A description of the Issuer's assets and liabilities, financial position and profits and losses is available, for financial year 2007, in the Annual Report 2007 of UBS AG, 4 Financial Statements, in English, which were restated on 14 April 2008 (see (iv) below) and, for financial year 2008, in the Annual Report 2008, published as a restatement on 20 May 2009, Financial Information, in English. The Issuer's financial year is the calendar year.

In the case of financial year 2007 reference is made to:

- (i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 18, the Balance Sheet of UBS AG (Group) on page 19, the Statement of Cash Flows of the UBS AG (Group) on pages 23 - 24 (inclusive) and the Notes to the Financial Statements on pages 25 - 120 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 125, the Balance Sheet of UBS AG (Parent Bank) on page 126, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 127, the Notes to the Financial Statements on page 128 and the Parent Bank Review on page 124, and
- (iii) the section entitled "Accounting Standards and Policies" on pages 3 - 8 (inclusive) in the Annual Report 2007 of UBS AG, 4 Financial Statements.
- (iv) In January 2008, the International Accounting Standards Board (IASB) issued an amendment to IFRS 2 Share-based Payment. The amended standard, entitled IFRS 2 Sharebased Payment: Vesting Conditions and Cancellations, is effective 1 January 2009 (early adoption permitted). The new standard clarifies the definition of vesting conditions and the accounting treatment of cancellations. UBS early adopted this amended standard as of 1 January 2008. Under the amended standard, UBS is required to distinguish between vesting conditions (such as service and performance conditions) and non-vesting conditions. The amended standard no longer considers vesting conditions to include certain non-compete provisions. The impact of this change is that UBS compensation awards are expensed over the period that the employee is required to provide active services in order to earn the award. Post-vesting sales and hedge restrictions and non-vesting conditions are considered when determining grant date fair value. Following adoption of this amendment, UBS fully restated the two comparative prior years (2006 and 2007). The effect of the restatement on the opening balance sheet at 1 January 2006 was as follows: reduction of retained earnings by approximately CHF 2.3 billion, increase of share premium by approximately CHF 2.3 billion, increase of liabilities (including deferred tax liabilities) by approximately CHF 0.5 billion, and increase of deferred tax assets by approximately CHF 0.5 billion. Net profits attributable to UBS shareholders declined by CHF 863 million in 2007 and by CHF 730 million in 2006. Additional compensation expense of

CHF 797 million and CHF 516 million was recognized in 2007 and 2006, respectively. This additional compensation expense includes awards granted in 2008 for the performance year 2007. The impact of the restatement on total equity as of 31 December 2007 was a decrease of CHF 366 million. Retained earnings at 31 December 2007 decreased by approximately CHF 3.9 billion, share premium increased by approximately CHF 3.5 billion, liabilities (including deferred tax liabilities) increased by approximately CHF 0.6 billion and deferred tax assets increased by approximately CHF 0.2 billion. The restatement decreased basic and diluted earnings per share for the year ended 31 December 2007 by CHF 0.40 each and for the year ended 31 December 2006 by CHF 0.33 and CHF 0.31, respectively. In order to provide comparative information, these amounts also reflect the retrospective adjustments to shares outstanding in 2007 due to the capital increase and the share dividend paid in 2008. The additional compensation expense is attributable to the acceleration of expense related to share-based awards as well as for certain alternative investment vehicle awards and deferred cash compensation awards which contain non-compete provisions and sale and hedge restrictions that no longer qualify as vesting conditions under the amended standard.

Reference is also made to the Consolidated Financial Statements (restated) of UBS AG for the financial year 2007, in particular the Income Statement of UBS AG (Group) on page F-31, the Balance Sheet of UBS AG (Group) on page F-32, the Statement of Cash Flows of UBS AG (Group) on pages F-37 - F-38 (inclusive) and the Notes to the Financial Statements on pages F-39 - F-139 (inclusive). Moreover, reference is made to the Annual Report 2008 of UBS AG, Financial Information.

In the case of financial year 2008 reference is made to

- (i) the Financial Statements of UBS AG (Group), in particular to the Income Statement of UBS AG (Group) on page 256, the Balance Sheet of UBS AG (Group) on page 257, the Statement of Cash Flows of the UBS AG (Group) on pages 261 - 262 (inclusive) and the Notes to the Financial Statements on pages 263 - 370 (inclusive), and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement of UBS AG (Parent Bank) on page 372, the Balance Sheet of UBS AG (Parent Bank) on page 373, the Statement of Appropriation of Retained Earnings of UBS AG (Parent Bank) on page 373, the Notes to the Financial Statements of UBS AG (Parent Bank) on pages 374 - 389 (inclusive) and to the Parent Bank Review on page 371, and
- (iii) the sections entitled "Accounting Principles" on page 245 and "Critical Accounting Policies" on pages 246-250 (inclusive) in the Annual Report 2008 of UBS AG, as restated on 20 May 2009, Financial Information, in English.

The annual financial reports form an essential part of UBS's reporting. They include the audited Consolidated Financial Statements of UBS Group, prepared in accordance with International Financial Reporting Standards and the audited Financial Statements of UBS AG (Parent Bank), prepared according to Swiss banking law provisions. The financial statements also include certain additional disclosures required under Swiss and US regulations. The annual reports also include discussions and analysis of the financial and business results of UBS, its business divisions and the Corporate Center.



## **7.2 Auditing of Historical Annual Financial Information**

The Consolidated Financial Statements of UBS Group and the Financial Statements of UBS AG (Parent Bank) for financial years 2007 and 2008 were audited by Ernst & Young. The reports of the auditors on the Consolidated Financial Statements can be found on pages 16-17 (inclusive) of the restated Annual Report 2007 of UBS AG, 4 Financial Statements, in English; on pages F-29 – F-30 (inclusive) of the Consolidated Financial Statements (restated) of UBS AG for the financial year 2007, in English; and on pages 254 – 255 (inclusive) of the Annual Report 2008, Financial Information, in English. The reports of the auditors on the Financial Statements of UBS AG (Parent Bank) can be found on page 140 of the restated Annual Report 2007 of UBS AG, 4 Financial Statements, in English and on pages 390-391 of the Annual Report 2008, Financial Information, in English.

## **7.3 Interim Financial Information**

Reference is also made to UBS's first, second and third quarter 2009 reports, which contain information on the financial condition and the results of operation of UBS Group as of 31 March 2009, 30 June 2009 and 30 September 2009, respectively. The interim financial statements are not audited.

## **7.4 Incorporation by reference**

UBS's restated Annual Report 2008, as well as UBS's first, second and third quarter 2009 reports form an integral component of this document, and are therefore fully incorporated in this document.

## **7.5 Legal and Arbitration Proceedings**

The UBS Group operates in a legal and regulatory environment that exposes it to potentially significant litigation risks. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations, including numerous disputes and legal proceedings arising directly or indirectly out of the credit crisis. Such cases are subject to many uncertainties, and their outcome is often difficult to predict, including the impact on operations or on the financial statements, particularly in the earlier stages of a case. In certain circumstances, to avoid the expense and distraction of legal proceedings, UBS may, based on a cost-benefit analysis, enter into a settlement even though UBS denies any wrongdoing. The Group makes provisions for cases brought against it when, in the opinion of management after seeking legal advice, it is probable that a liability exists, and the amount can be reasonably estimated.

Certain potentially significant legal proceedings within the last 12 months until the date of this document are described below:

- a) Parmalat: UBS has been facing multiple proceedings arising out of the Parmalat insolvency. In June 2008, UBS settled all civil claims brought by Parmalat and its administrator for EUR 185 million. Certain other civil claims by third parties have automatically terminated as a result of termination of criminal proceedings in Milan and Parma (with the exception of some costs issues which are the subject of appeals to Court of Cassation). A joint offer by UBS (and two other banks) has also been made to all retail bondholder and shareholder third party

claimants. A very large proportion of this category of claimants has now accepted the offer. If 100% of this class accepts the offer, UBS would have to make a further payment of approximately EUR 18.5 million.

- b) Tax shelter investigation: In connection with a criminal investigation of tax shelters, the United States Attorney's Office for the Southern District of New York (US Attorney's Office) continues to examine certain tax-oriented transactions in which UBS and others engaged between 1996 and 2000. UBS is continuing to cooperate in this investigation and with the IRS in the related civil litigation.
- c) HealthSouth: UBS is defending itself in two putative securities class actions brought to the US District Court for the Northern District of Alabama by holders of stocks and bonds in HealthSouth Corp. A class has been certified in the stockholder action. UBS is seeking leave to appeal that ruling. In October 2008, UBS agreed to settle derivative litigation brought on behalf of HealthSouth in Alabama State Court. Due to existing insurance coverage this settlement had no impact on UBS's result in 2008.
- d) Municipal Bonds: In November 2006, UBS and others received subpoenas from the US Department of Justice, Antitrust Division, and the US Securities and Exchange Commission (SEC) seeking information relating to the investment of proceeds of municipal bond issuances and associated derivative transactions. Both investigations are ongoing, and UBS is cooperating. In addition, various state Attorneys General have issued subpoenas seeking similar information. In the SEC investigation, on 4 February 2008, UBS received a "Wells notice" advising that the SEC staff is considering recommending that the SEC bring a civil action against UBS AG in connection with the bidding of various financial instruments associated with municipal securities.
- e) Auction Rate Securities: UBS was sued by four state regulatory authorities and was the subject of investigations by the SEC and other regulators relating to the marketing and sale of auction rate securities (ARSs) to clients, and to UBS's role and participation in ARS auctions and underwriting of ARSs. UBS was also named in several putative class actions and individual civil suits and a large number of individual arbitrations. The regulatory actions and investigations and the civil proceedings followed the disruption in the markets for these securities and related auction failures since mid-February 2008. Plaintiffs and the regulators generally sought rescission, i.e. for UBS to purchase the ARSs that UBS sold to them at par value, as well as compensatory damages, disgorgement of profits and in some cases penalties. On 8 August 2008, UBS entered into settlements in principle with the SEC, the New York Attorney General (NYAG) and other state agencies represented by the North American Securities Administrators Association (NASAA), whereby UBS agreed to offer to buy back ARSs from eligible customers within certain time periods, the last of which begins on 30 June 2010, and to pay penalties of USD 150 million (USD 75 million to the NYAG, USD 75 million to the other states). UBS subsequently finalized its settlement with the State of Massachusetts, the SEC and the NYAG, and is continuing to finalize agreements with the other state regulators. UBS's settlement is largely in line with similar industry regulatory settlements. The NYAG and SEC continue to investigate individuals affiliated with UBS who traded in ARSs or who had responsibility for disclosures.
- f) US Cross-Border: UBS AG has been the subject of a number of governmental inquiries and investigations relating to its cross-border private banking services to US private clients during the years 2000-2007. On 18 February 2009, UBS announced that it had entered into a Deferred Prosecution Agreement (DPA) with the US Department of Justice Tax Division (DOJ)

and the United States Attorney's Office for the Southern District of Florida, and a Consent Order with the SEC relating to these investigations. As part of these settlement agreements, among other things: (i) UBS will pay a total of USD 780 million to the United States, USD 380 million representing disgorgement of profits from maintaining the US cross-border business and USD 400 million representing US federal backup withholding tax required to be withheld by UBS, together with interest and penalties, and restitution for unpaid taxes associated with certain account relationships involving fraudulent sham and nominee offshore structures and otherwise as covered by the DPA; (ii) UBS will complete the exit of the US cross-border business out of non-SEC registered entities, as announced in July 2008, which these settlements permit UBS to do in a lawful, orderly and expeditious manner; (iii) UBS will implement and maintain an effective program of internal controls with respect to compliance with its obligations under the Qualified Intermediary (QI) Agreement with the US Internal Revenue Service (IRS), as well as a revised legal and compliance governance structure in order to strengthen independent legal and compliance controls; and (iv) pursuant to an order issued by the Swiss Financial Market Supervisory Authority (FINMA), information was transferred to the DOJ regarding accounts of certain US clients as set forth in the DPA who, based on evidence available to UBS, appear to have committed tax fraud or the like within the meaning of the 1996 Swiss-US Double Taxation Treaty (Swiss-US Treaty). Pursuant to the DPA, the DOJ has agreed that any further prosecution of UBS will be deferred for a period of at least 18 months, subject to extension under certain circumstances such as UBS needing more time to complete the implementation of the exit of its US cross-border business. If UBS satisfies all of its obligations under the DPA, the DOJ will refrain permanently from pursuing charges against UBS relating to the investigation of its US cross-border business. As part of the SEC resolution, the SEC filed a Complaint against UBS in US Federal District Court in Washington, D.C., charging UBS with acting as an unregistered broker-dealer and investment advisor in connection with maintaining its US cross-border business. Pursuant to the Consent Order, UBS did not admit or deny the allegations in that Complaint, and consented to the entry of a final judgment that provides, among other things, that: (i) UBS will pay USD 200 million to the SEC, representing disgorgement of profits from the US cross-border business (this amount is included in, and not in addition to, the USD 780 million UBS is paying to the United States as described above); and (ii) UBS will complete its exit of the US cross-border business and will be permanently enjoined from violating the SEC registration requirements by providing broker-dealer or investment advisory services to US persons through UBS entities not registered with the SEC. The District Court in Washington, D.C., entered the final judgment on 19 March 2009.

Also on 18 February 2009, FINMA published the results of the now concluded investigation conducted by the Swiss Federal Banking Commission (SFBC). The SFBC concluded, among other things, that UBS violated the requirements for proper business conduct under Swiss banking law and issued an order barring UBS from providing services to US resident private clients out of non-SEC registered entities. Further, the SFBC ordered UBS to enhance its control framework around its cross-border businesses, and announced that the effectiveness of such framework would be audited.

The agreements with the DOJ and SEC did not resolve the "John Doe" summons which the IRS served on UBS in July 2008. In this regard, on 19 February 2009, the Civil Tax Division of the DOJ filed a civil petition for enforcement of this summons in US Federal District Court for the Southern District of Florida, through which it sought an order directing UBS to produce information located in Switzerland regarding US clients who have maintained accounts with UBS in Switzerland without providing a Form W-9.

On 19 August 2009, UBS executed a settlement agreement with the IRS and the DOJ, to resolve the "John Doe" summons litigation (UBS-US Settlement Agreement). At the same

time, the United States and Switzerland entered into a separate but related agreement (Swiss-US Agreement). Among other things, these agreements provide that: (i) UBS and the IRS would promptly file a stipulation dismissing the "John Doe" summons enforcement action then pending in federal court in Miami; (ii) the IRS would submit a request for information regarding accounts of US clients maintained at UBS in Switzerland, on the basis that such clients appear to have committed tax fraud or the like within the meaning of the existing Swiss-US Treaty, to the Swiss Federal Tax Administration (SFTA); (iii) UBS would produce to the SFTA information on the accounts covered by the IRS treaty request in accordance with a specified schedule; (iv) UBS will send a notice to US accountholders that appear to be within the scope of the treaty request in accordance with a specified schedule; and (v) UBS and the IRS agree to amend UBS's QI Agreement and applicable QI audit guidance to implement the provisions set forth in IRS Announcement 2008-98 and as necessary to give effect to subsequent regulations or other guidance, and the IRS will, upon execution of the amended QI Agreement and adoption of amended QI guidance, withdraw the previously disclosed QI Notice of Default dated 15 May 2008 served on UBS and thereby resolve all issues relating to the alleged breaches thereof. The UBS-US Settlement Agreement does not call for any monetary payment by UBS.

Subject to UBS's compliance with its obligations set forth in the UBS-US Settlement Agreement that are required to be completed by 31 December 2009, the IRS will no later than that date withdraw the summons with prejudice as to all accounts not covered by the treaty request. Subject to UBS's compliance with its notification and information processing obligations set forth in the UBS-US Settlement Agreement, the IRS will withdraw the "John Doe" summons with prejudice as to the remaining accounts — i.e. those subject to the treaty request — no later than 24 August 2010 upon the actual or anticipated delivery to the IRS of information relating to accounts covered by the treaty request that does not differ significantly from the expected results. In addition, the summons will be withdrawn with prejudice as to the remaining accounts if at any time on or after 1 January 2010 the IRS has received information relating to at least 10,000 accounts of US persons maintained at UBS in Switzerland pursuant to the treaty request, the IRS's voluntary disclosure practice, the DPA or instructions by UBS clients directing UBS or the SFTA to provide their account information directly to the IRS. If neither of these events were to occur by 24 August 2010, the US and Swiss governments are to confer and consult in order to consider alternative mechanisms for achieving the levels of account information exchange expected to occur through the treaty request. Possible measures shall not impose any financial or new, non-financial obligations on UBS. If these efforts were to be unsuccessful in resolving the matter, the IRS would not be obligated to withdraw the "John Doe" summons with respect to those accounts covered by the treaty request that have not as of that time been disclosed to the IRS pursuant to the treaty request or instructions by UBS clients directing UBS or the SFTA to provide their account information directly to the IRS.

Pursuant to the UBS-US Settlement Agreement, on 19 August 2009, UBS and the IRS filed a stipulation of dismissal in the summons enforcement action, which the District Court entered that same day. On 31 August 2009, the IRS submitted the treaty request to the SFTA and as of 1 September 2009, the SFTA formally notified UBS of its receipt of the treaty request. UBS is in the process of identifying accounts covered by the treaty request, providing relevant account information to the SFTA and providing notice to the affected accountholders consistent with the requirements and schedule set forth in the UBS-US Settlement Agreement.

- g) Inquiries Regarding Non-US Cross-Border Businesses: Following the disclosure of the US cross-border matter and the settlements with the DOJ and the SEC, tax and regulatory

authorities in a number of jurisdictions have requested information relating to the cross-border wealth management services provided by UBS and other financial institutions. In particular, the revenue services of the UK and Australia have served upon UBS and other Swiss and non-Swiss financial institutions providing cross-border wealth management services requests for information relating to such services that is located in the respective jurisdictions. UBS is cooperating with these information requests strictly within the limits of financial privacy obligations under Swiss law. It is premature to speculate on the outcome of any such inquiries.

- h) Matters Related to the Credit Crisis: UBS is responding to a number of governmental inquiries and investigations, and is involved in a number of litigations, arbitrations and disputes, related to the credit crisis, and in particular US mortgage-related securities and related structured transactions and derivatives. These matters concern, among other things, UBS's valuations, disclosures, writedowns, underwriting, and contractual obligations. In particular, UBS has communicated with and has responded to inquiries by FINMA, its home country consolidated regulator, as well as the SEC, the Financial Industry Regulatory Authority (FINRA) and the United States Attorney's Office for the Eastern District of New York (USAO), regarding some of these issues and others, including the role of internal control units, governance and processes around risk control and valuation of mortgage-related instruments, compliance with public disclosure rules, and the business rationales for the launching and the reintegration of Dillon Read Capital Management (DRCM). FINMA concluded its investigation in October 2008, but the investigations by the SEC, FINRA and the USAO are ongoing.
- i) Claims Related to UBS Disclosure: A putative consolidated class action has been filed against UBS and a number of current and former directors and senior officers in the Southern District of New York alleging securities fraud in connection with the firm's disclosures relating to its losses in the subprime mortgage markets, its losses and positions in auction rate securities, and its US cross-border business. Defendants have moved to dismiss the complaint for lack of jurisdiction and for failure to state a claim. UBS and a number of senior officers and directors have also been sued in a putative consolidated class action brought on behalf of holders of UBS ERISA retirement plans in which there were purchases of UBS stock. UBS has moved to dismiss the ERISA complaint for failure to state a claim.
- l) Madoff: In relation to the Madoff investment fraud, UBS, UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). The CSSF has made inquiries concerning two third party funds established under Luxembourg law substantially all assets of which were with Bernard L. Madoff Investment Securities LLC (BMIS), as well as certain funds established under offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses. The last reported net asset value of the two Luxembourg funds before revelation of the Madoff scheme was approximately USD 1.7 billion in the aggregate. The documentation establishing both funds identifies UBS entities in various roles including custodian, administrator, manager, distributor and promoter, and indicates that UBS employees serve as board members. On 25 February 2009, the CSSF issued a communiqué with respect to the larger of the two funds, stating that UBS (Luxembourg) SA had failed to comply with its due diligence responsibilities as custodian bank. The CSSF ordered UBS (Luxembourg) SA to review its infrastructure and procedures relating to its supervisory obligations as custodian bank, but did not order it to compensate investors. On 25 May 2009, UBS (Luxembourg) SA submitted a comprehensive final report to the CSSF, which resulted in the CSSF publishing a new

communiqué saying that UBS (Luxembourg) SA has provided evidence demonstrating that it has the infrastructure and internal organization in place in accordance with professional standards applicable to custodian banks in Luxembourg. A large number of alleged beneficiaries have filed claims against UBS entities for purported losses relating to the Madoff scheme. Further, certain clients of UBS Sauerborn (the KeyClient segment of UBS Deutschland AG) are exposed to Madoff-managed positions through third party-funds and funds administered by UBS Sauerborn.

Besides the proceedings specified above under (a) through (l) no governmental, legal or arbitration proceedings, which may significantly affect the Issuer's financial position, are or have been pending during the last 12 months until the date of this document, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are threatened.

### **7.6 Material Contracts**

No material agreements have been concluded outside of the normal course of business which could lead to UBS being subjected to an obligation or obtaining a right, which would be of key significance to the Issuer's ability to meet its obligations to the investors in relation to the issued securities.

### **7.7 Significant Changes in the Financial Situation of the Issuer**

There has been no material change in the financial position of the Issuer since the publication of UBS's third quarter report (not audited) for the period ending on 30 September 2009.

## 8. Documents on Display

- The restated Annual Report of UBS AG as at 31 December 2007, comprising (i) 1 Strategy, Performance and Responsibility, (ii) 2 Risk, Treasury and Capital Management, (iii) 3 Corporate Governance and Compensation Report, (iv) 4 Financial Statements (including the "Report of the Group Auditors – Independent Registered Public Accounting Firm, Consolidated Financial Statements " and the "Report of the Statutory Auditors");
- The Consolidated Financial Statements (restated) of UBS AG for the financial year 2007 (including the "Report of the Group Auditors"), published in the securities prospectus dated 23 May 2008 for the Offering of 760,295,181 Registered Shares of UBS AG;
- The restated Annual Report of UBS AG as of 31 December 2008, comprising (i) Strategy, performance and responsibility, (ii) UBS business divisions and Corporate Center (iii) Risk and treasury management, (iv) Corporate governance and compensation, (v) Financial information (including the "Report of the Statutory Auditor and the Independent Registered Public Accounting Firm on the Consolidated Financial Statements" and the "Report of the Statutory Auditor on the Financial Statements");
- the Review 2007 and 2008 and the Compensation Report 2008;
- The quarterly reports of UBS AG as at 31 March 2009, 30 June 2009 and 30 September 2009; and
- The Articles of Association of UBS AG, as the Issuer,

shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document. In addition, the annual and quarterly reports of UBS AG (and related review and compensation report) are published on UBS's website, at [www.ubs.com/investors](http://www.ubs.com/investors) or a successor address. UBS's Articles of Association are also available on UBS's Corporate Governance website, at [www.ubs.com/governance](http://www.ubs.com/governance).

## Additional Information

### **Responsibility**

The Issuer accepts responsibility for the information contained in this Listing Prospectus subject as provided below. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Listing Prospectus is (subject as provided below) true and accurate and, in the context of the issue of the Product there are no other material facts the omission of which would make any statement in such information misleading.

All necessary corporate actions have been taken by the Issuer in connection with authorising the issue of this Product. The issue of the Product was authorised by two officers of the Issuer on the Launch Date.

### **Information relating to the Underlying**

The information relating to the Underlying included in the Annex (the "Underlying Information") consists of extracts from or summaries of information that is publicly available in respect of the Underlying and is not necessarily the latest information available. The Issuer accepts responsibility for accurately extracting and summarizing the Underlying Information. No further or other responsibility (express or implied) in respect of the Underlying Information is accepted by the Issuer. The Issuer makes no representation that the Underlying Information, any other publicly available information or any other publicly available documents regarding the underlying asset, index or other item(s) to which the Product relate are accurate or complete. There can be no assurance that all events occurring prior to the date of this Final Terms that would affect the trading price of the underlying asset, index or other item(s) to which the Product relate (and therefore the trading price and value of the Product) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure or failure to disclose material future events concerning the underlying asset, index or other item(s) to which the Product relate could affect the trading price and value of the Product.

### **No material adverse change**

Except as disclosed in this Listing Prospectus, in particular in the section on "Financial Information" of the Issuer's description, there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole, and no significant change in the financial or trading position of the Issuer since the date of the most recently published audited annual financial statements of the Issuer or, if available since then, the most recent interim financial reports.

### **Issuer's information**

Detailed information about the Issuer together with the current financial report can be found in the Base Prospectus and the Registration Document of our "Issuance Programme of UBS AG (Structured Note Programme)", dated 6 April 2009 (the "Structured Note Programme") which is deposited with SIX Swiss Exchange and will be updated on a regularly basis (the "Updates").

During the whole term of this Product, the Structured Note Programme can be ordered free of charge from the Lead Manager at P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail ([swiss-prospectus@ubs.com](mailto:swiss-prospectus@ubs.com)). In addition, the Product Documentation is available on the internet at [www.ubs.com/keyinvest](http://www.ubs.com/keyinvest).

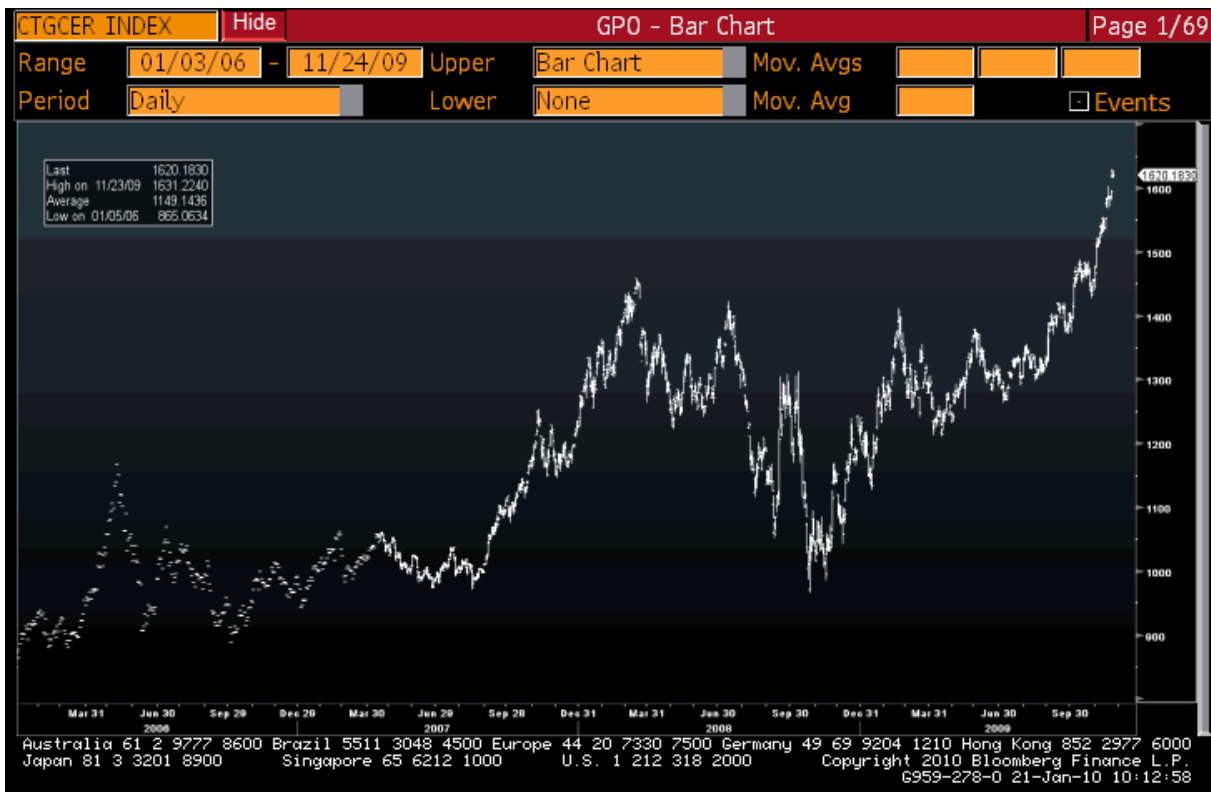


# Underlying Information

## Description of the UBS Bloomberg CMCI Gold USD Excess Return Index

The UBS Bloomberg Constant Maturity Gold USD Excess Return Index measures the uncollateralised returns from gold futures contracts. It is designed to be representative of the entire liquid Gold forward curve and as such references a weighted average of available CMCI Standard Constant maturities: 3 months, 6 months, 1 year, 2 years and 3 years. For more information visit [www.ubs.com/cmci](http://www.ubs.com/cmci)

## Historical Performance of the UBS Bloomberg CMCI Gold USD Excess Return Index



|                          |            |
|--------------------------|------------|
| High on 23 November 2009 | 1'631.2240 |
| Low on 5 January 2006    | 866.0634   |

SOURCE: UBS AG, Bloomberg

Please note that past performance is not indicative of future performance