



# Open End Turbo Call Warrant

Linked to Microsoft

Issued by UBS AG, London Branch



Cash settled

SVSP/EUSIPA Product Type: Knock-Out Warrants (2200)

Valor: 23408007

## Final Termsheet

**This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff 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 (this paragraph is relevant to public offerings in Switzerland only).**

### 1. Description of the Product

#### Information on Underlying

Underlying(s)	Reference Level	Initial Strike / Knock-Out Barrier	Conversion Ratio
<b>Microsoft Corporation</b> Bloomberg: MSFT UW / Valor: 951692	USD 36.80	USD 35.00	10:1

#### Product Details

Security Numbers	Valor: 23408007 / ISIN: CH0234080072 / WKN: US1W20
Issue Size	Up to 5,000,000 units (with reopening clause)
Issue Price	CHF 0.16 (unit quotation) (Based on FX rate USD / CHF 0.91)
Redemption Currency	CHF
Initial Leverage	20.93
Type of Product	Down and Out Call Warrant

#### Dates

Launch Date	17 January 2014
Fixing Date	16 January 2014
Initial Payment Date (Issue Date)	24 January 2014
Expiration Date ("Expiry")	Open End
Valuation Date	means the day when either the Investor's Exercise Right or the Issuer's Call Right becomes effective.
Redemption Date / Maturity Date	means the 3rd Business Day following the Valuation 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 an amount in the Redemption Currency, according to the following scenarios:

Scenario 1 (in case of Issuer Call or Investor Exercise)	If a <b>Knock-Out Event has NOT occurred</b> , the Investor will receive on the Redemption Date the Redemption Amount, taking into account the Conversion Ratio, converted into the Redemption Currency, if applicable.
Scenario 2	If a <b>Knock-Out Event has occurred</b> , the Warrant expires immediately and worthless.
Redemption Amount	Settlement Price - Current Strike
Settlement Price	Official closing value of the Underlying on the Relevant Exchange on the Valuation Date, as determined by the Calculation Agent.

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Current Strike / Knock-Out Barrier	The Current Strike / Knock-Out Barrier (SL) will be determined by the Calculation Agent on a daily basis commencing from the Initial Strike / Knock-Out Barrier in accordance with below formula, and rounded to USD 0.01; it will be readjusted before market opening on a daily basis.
	$SL_{new} = SL_{old} + \frac{(R+FS) \cdot SL_{old} \cdot n}{360} - Dividend \cdot DivFactor$
SL <sub>new</sub>	Current Strike / Knock-Out Barrier after the adjustment.
SL <sub>old</sub>	Strike / Knock-Out Barrier before the adjustment.
Financing Spread FS	Will be set between 2% and 25%, as determined by the Calculation Agent. The Initial Financing Spread is 4%.
Rate R	The prevailing overnight rate for deposits (LIBOR) in the Strike / Knock-Out Barrier Currency as determined by the Calculation Agent on the relevant adjustment date.
Dividend	Dividend or similar payments, as determined by the Calculation Agent at its reasonable discretion, distributed to the holders of the Underlying, whereby the ex-date of such payment on the Related Exchange is between the current and the next following business day.
DivFactor	The DivFactor may reflect any taxation applied on Dividends. The DivFactor is between 0 and 1 and is determined at the Calculation Agent's reasonable discretion.
n	Number of calendar days between the current adjustment date (exclusive) and the next adjustment date (inclusive).
Strike / Knock-Out Barrier Currency	USD
Knock-Out Event	A Knock-Out Event shall be deemed to occur if at any time on any Exchange Business Day, starting on the Fixing Date, the level of the Underlying quoted by the Relevant Exchange is <b>at or below</b> the Current Knock-Out Barrier, as reasonably determined by the Calculation Agent.

## Product Structure

The Open End Turbo Call Warrant allows investors to profit from the upward (bullish) trend of an underlying. The Open End Turbo Call Warrant moves approximately 1 unit of currency up, if the Underlying moves 1 unit of currency up and vice versa taking into account the conversion ratio, FX exchange rate and the adjustments of the Strike / Knock-Out Barrier. The risk of loss is limited to the invested capital.

If the value of the Underlying at any time during the product life time lies at or below the Current Knock-Out Barrier, the Open End Turbo Call Warrant expires immediately and worthless.

The Current Knock-Out Barrier is always equal to the Current Strike.

## General Information

Issuer	UBS AG, London Branch
Issuer Rating	A2 Moody's / A S&P's / A Fitch
Lead Manager	UBS AG, Zurich (UBS Investment Bank)
Calculation Agent	UBS AG, London Branch
Paying Agent	UBS AG, Zurich
Relevant Exchange	Nasdaq Stock Markets, Inc.
Listing	None
Status	Unsecured / Unsubordinated
Secondary Market	Daily price indications will be available on Reuters; <a href="http://www.ubs.com/keyinvest">www.ubs.com/keyinvest</a> and Telekurs from 08:00 - 22:00 (CET)
Issuer Call Right	The Issuer has the right (every 3 months; for the first time on 01 March 2014) ("Notice Date"), to call the Open End Turbo Call Warrant for early redemption for a value equal to

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	the Redemption Amount (as described herein), effective 3 months after the "Notice Date" has been published ("Valuation Date") to that effect. In case that any of the dates is not an Exchange Business Day, the next following Exchange Business Day applies. The Open End Turbo Call Warrant will be redeemed on the Redemption Date.
Investor Exercise Right	In addition to the possibility to sell the Open End Turbo Call Warrant at any time, each Investor has the right (every 3 months; for the first time on 01 March 2014) ("Valuation Date") to exercise the Open End Turbo Call Warrant for the value equal to the Redemption Amount (as described herein) at the time of the exercise. The notice has to be received no later than 10.00 am CET on the relevant Exercise Date. 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 Open End Turbo Call Warrant will be redeemed on the Redemption Date.
Minimum Trading Lot	1 Unit(s)
Minimum Exercise	1 Open End Turbo Warrant(s); Open End Turbo Warrants may only be exercised in integral multiples of 1.
Clearing	UBS
Form of Deed	Uncertificated Securities
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.
Public Offering	Switzerland

#### **Tax Treatment Switzerland**

Swiss Transfer Stamp Duty	The product does not qualify as a taxable security. Transactions are not subject to Swiss Stamp Duty.
Swiss Income Tax	For private investors resident in Switzerland, an investment in this product is not subject to income tax.
Swiss Withholding Tax	This product is not subject to the Swiss Issuer Withholding Tax. It depends on the jurisdiction of the issuer whether a foreign issuer withholding tax applies.
EU Savings Tax	For Swiss paying agents, the product is not subject to the EU Savings tax.
Bilateral Agreements Switzerland – UK and Austria	For paying agents in Switzerland, the product is subject to the bilateral agreement on cooperation in the area of taxation of Switzerland with the United Kingdom or with Austria if it is held directly or indirectly by a relevant person resident in the United Kingdom or in Austria.

The tax information only provides a general overview over the Swiss tax consequences linked to this product based on the tax laws and the practice of the tax administration at the time of issue. Tax laws and the practice of tax administrations may change, possibly with retroactive effect.

#### **Product Documentation**

**UBS Structured Warrant Programme** (Registered with Bafin and EUPD compliant).

#### **Final Terms**

This document serves as and fulfils the requirements of a **'Simplified Prospectus'** in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). The Simplified Prospectus together with the UBS Structured Warrant Programme ("SWP") and the respective Final Terms shall form the documentation for this Product ("Product Documentation"), and accordingly the Simplified Prospectus should always be read in conjunction with these documents. The terms "Product" respectively "Investor" as used in this term sheet correspond to the terms "Warrant" respectively "Noteholder"/"Certificateholder" as defined in the SWP.

During the whole term of this Product, the respective documents can be ordered free of charge from UBS AG 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). In addition, for clients outside of the United Kingdom, the respective documents are available on the internet at <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 Telekurs. In addition, any changes with regard to the terms of this Product shall be published on the internet at <http://www.ubs.com/keyinvest>.

## Classification

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This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff 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 (this paragraph is relevant to public offerings in Switzerland only).

Furthermore, this Product does not benefit from any depositor protection under Art. 37b under the Swiss Federal Law on Banks and Savings Banks (Banking Act) or other forms of deposit insurance under any other law as might be applicable to this Product.

## Prudential Supervision

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UBS AG is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). In addition, its London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority and its Jersey Branch is authorised and regulated 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. The Investors must be willing to make an investment with a disproportionately higher yield potential compared to a direct investment in the underlying strategy. This increased yield potential comes at an increased downside risk. The Investors do not require capital protection.
Profit Potential	The profit potential is unlimited.
Loss Potential	The Investors may lose some or all of the investment.

## 3. Significant Risks for Investors

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

### Risk Factors relating to the Issuer

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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

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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.

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## 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 Final Terms and the base prospectus (Structured Warrant Programme).

## Important Information

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this document relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this document. UBS' trading and/or hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells this Product to dealers and other financial institutions at a discount to the issue price or rebates to them for their account some proportion of the issue price. Further information is available on request.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document should not be construed as an offer, personal recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Products/Notes (the "Prospectus").

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This document shall not be copied or reproduced without UBS' prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Products described herein, save where explicitly stated in the Product Documentation. The Products must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

There is a possibility that costs, including taxes, related to transactions in connection with this Product may arise for the Investor that are not paid by UBS or imposed by it.

## 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** - Any public offer of this Product within an EEA jurisdiction (EU member states plus Norway, Iceland and Liechtenstein) shall only be possible if compliant with the requirements of the EUPD and with the law of that jurisdiction.

If the prospectus either does not qualify as a prospectus published in accordance with the requirements of the EUPD or is not filed with or notified to the relevant Financial Supervisory Authority, this Product may not be offered or sold in EEA jurisdictions other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies), provided that the offer is only being made in one or more EEA jurisdiction that will not, before the end of the offer period for the Securities, have implemented the provision under the Directive 2010/73/EU (the "PD Amending Directive") that increases this minimum denomination (or total consideration per investor) to EUR 100,000; or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 or, if the relevant EEA jurisdiction has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons that are not Qualified Investors per EEA jurisdiction. "Qualified Investors" are persons or entities as defined in the Prospectus Directive.

For information on public offering in EEA jurisdictions please see under section "General Information" above.

**Hong Kong** - Each purchaser has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Products, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Products which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

**This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.**

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

Where 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 (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant of an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276 (4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law; or

(4) as specified in Section 276 (7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

**UK** - For the purpose of non-discretionary accounts, this Product should not be sold with a consideration of less than EUR 100,000 or equivalent.

**USA** - This Product may not be sold or offered within the United States or to U.S. persons.

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