CHF 10 Year Credit Linked Note

Linked to the credit risk of General Electric Capital Corporation
Issued by UBS AG, through its Jersey Branch
10 yr CLN,
Valor: 13725937 ISIN: CH0137259377

Final Terms

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

1. Description of the Product

Information on Underlying

Description / Underlying

Reference Entity	Reference Obligation	Reference Entity Type
General Electric Capital Corporation Long term credit rating at the time of issuance[1]: Aa2/ AA+	Primary Obligor: Reference Entity Guarantor: None Maturity : 15 September 2017 Coupon: 5.625% ISIN: US36962G3H54	North American Corporate – No Restructuring

Product Details

Security Numbers	**ISIN:**	CH0137259377	**WKN:**	UB81ZV
	Valor:	13725937	**Common Code:**	067263529

Aggregate Nominal Amount / Issue Size: CHF 36,050,000
Issue Size increased by CHF 12,050,000

Specified Denomination: CHF 10,000 (Minimum Trading Lot CHF 50,000)

Issue Price: 99.50% of the Specified Denomination (percentage quotation)

Upsize Price: 97.50% of the Specified Denomination (percentage quotation)

Quotation: The Products are trading CLEAN. Accrued Interest is NOT included in the secondary market price.

Settlement Currency: CHF

Interest Amount per Specified Denomination (the "Interest"): **Interest Rate x Specified Denomination x Day Count Fraction**

Interest Rate:

Interest Period	Interest Rate p.a.	Day Count Fraction
Year 1 – Year 10	1 month CHF Libor	Act/360

The Interest Rate is subject to a **Minimum Interest Rate of 3.75% p.a. (Floor)**

Interest Rate Fixing: The CHF Libor is the rate that appears on Reuters Page LIBOR02 or any successor page two

[1] For the avoidance of doubt, this is the long term credit rating of the Reference Entity and it does not represent ratings of the Notes.

	London Business Days prior to the start of the relevant Interest Period. If such rate does not appear on Reuters Page LIBOR02 or any successor page the rate shall be determined by the Calculation Agent. The Interest will be paid in arrears. The initial short Interest Period shall be interpolated between the 1 month CHF Libor and the 2 weeks CHF Libor.

Dates

Trade Date	25 August 2011
Subscription Period	25 August 2011 until 07 September 2011, 12:00 CET. (Please note that the Subscription Period can be extended or can close earlier.)
Issue Date	09 September 2011
Increase Payment Date	25 November 2011
Maturity Date	04 October 2021 (the "Scheduled Maturity Date"), subject to the occurrence of one of the following events: 1. A Credit Event Determination Date, in which case the Maturity Date is the later of the Physical Redemption Date, the Cash Redemption Date and the Auction Redemption Date as applicable. 2. A Potential Credit Event, in which case the General Terms & Conditions in relation to Potential Credit Event Extension will apply.
Interest Period	Interest shall accrue from and including the initial short Interest Period which will be the period from and including the Issue Date to but excluding the first Interest Period End Date and during each subsequent Interest Period which will be the period between two successive Interest Period End Dates, from and including one Interest Period End Date to but excluding the immediately following Interest Period End Date (each an "Interest Period"). If a Credit Event Determination Date occurs during an Interest Period, no further Interest will accrue, be calculated or paid from the Interest Payment Date or, as the case may be, the Issue Date, immediately preceding the Credit Event Determination Date, and any failure to pay any such Interest does not constitute an event of default by the Issuer.
Interest Payment Dates	04 October, 04 November, 04 December, 04 January, 04 February, 04 March, 04 April, 04 May, 04 June, 04 July, 04 August and 04 September every year from and including 04 October 2011 (short first Interest Period) to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention specified below,.
Credit Event Determination Date	As defined in the General Terms and Conditions

Redemption

Redemption Amount per Specified Denomination:	An amount equal to the Specified Denomination, unless a Credit Event Determination Date, a Potential Credit Event, [a Potential Failure to Pay or a Potential Repudiation/Moratorium], if applicable, occurs in which case redemption shall take place in accordance with Physical Redemption or Cash Redemption or Auction Redemption as applicable.
Credit Event Redemption:	Auction Redemption **Noteholders' attention is drawn to the fact that due to the operation of the terms relating to Physical Redemption and/or Cash Redemption and/or Auction Redemption there may be a considerable period of time following a Credit Event Determination Date before the Notes are actually redeemed.**
Auction Redemption:	The Issuer shall redeem the Notes in accordance with the Auction Redemption Terms of the

General Terms and Conditions except that the definition of "Auction Redemption Amount" shall be deleted in its entirety and replaced with the following:

"Auction Redemption Amount:

An amount equal to the Aggregate Nominal Amount multiplied by the Auction Final Price, minus the Break Costs subject to a minimum of zero."

In the event of Fallback to Cash Redemption, the Issuer shall redeem the Notes in accordance with the Cash Redemption Terms of the General Terms and Conditions except that the definition of "Cash Redemption Amount" shall be deleted in its entirety and replaced with the following:

"Cash Redemption Amount:

An amount equal to the aggregate outstanding principal balance (excluding accrued but unpaid interest) of the Valuation Portfolio (or in the case of Fallback to Cash Redemption the outstanding principal balance (excluding accrued but unpaid interest) of the Undelivered Portion) minus the Loss Amount, minus the Break Costs, subject to a minimum of zero.

Unless Fallback to Cash Redemption applies if there is more than one Noteholder, each Noteholder shall be paid its pro rata share of the Cash Redemption Amount. If Fallback to Cash Redemption applies and there is more than one Noteholder, the Calculation Agent shall determine in good faith the share, if any, of the Auction Redemption Amount to be paid to each Noteholder. If the Auction Redemption Amount is zero such amount shall be deemed to be paid on the Cash Redemption Date."

"Break Cost(s)" means: (a)(i) the aggregate costs incurred by the Issuer upon terminating, due to the occurrence of the Credit Event, any hedging arrangement entered into in connection with the issuance of the Notes, including but not limited to, any unwind fees or charges incurred by the Issuer upon termination of any internal interest rate swap, entered into by the Issuer and UBS AG, London Branch, acting as swap counterparty as if UBS AG, London Branch was an external third party swap counterparty (the "Relevant Swap"); (ii) any accrued and unpaid payments due to the Issuer in respect of the Relevant Swap; and (b)(i) the costs, charges, fees, howsoever described, incurred by the Issuer upon terminating any of its term funding transactions that were entered into in connection with the issuance of the Notes, including, but not limited to, any funding transaction entered into, by the Issuer with UBS AG, London Branch acting as deposit provider, as if UBS AG, London Branch was an external third party deposit provider (the "Relevant Funding"); and (ii) any accrued and unpaid payments due to the Issuer in respect of the Relevant Funding.

All such costs in (a) and (b) above shall be determined by the Calculation Agent acting in good faith and a commercially reasonable manner.

Any termination date in respect of a hedging arrangement or Break Cost shall be determined by the Issuer and notified to the Calculation Agent on such termination date, provided that any such termination date shall occur on or prior to the Auction Redemption Date or Cash Redemption Date, as the case may be.

Auction Redemption Date:	The fifth Business Day immediately following the Auction Final Price Determination Date.
Fallback Redemption Method	Cash Redemption
Tax Redemption	Applicable. See Section 4 Part 7 of the General Terms and Conditions
Redemption following Breach of Selling Restrictions:	Applicable. See Section 4 Part 7 of the General Terms and Conditions
Redemption following Reference Entity becoming Noteholder:	Applicable. See Section 4 Part 7 of the General Terms and Conditions

Product Structure

The 10 year CHF denominated Note with Specified Denomination and Interest payable, provided no Credit Event occurs in respect of the Reference Entity, offers the Investor/Noteholder the CHF payment of interest (short first Interest Period) calculated as described above.

Credit Related Provisions

Reference Entity	The entity listed in the table of Section 1 "Information on Underlying" on Page 1 of this Final Terms and its respective Successors (the "**Reference Entity**"): The Reference Entity has been designated as a particular "Reference Entity Type" – the designation of such Reference Entity Type is purely for convenience in setting out which terms herein apply to which Reference Entities. Notwithstanding Section 4 Part 3 (Successor Provisions) of the General Terms and Conditions, if the relevant Credit Derivatives Determinations Committee determines that a Reference Entity is subject to a Succession Event (as defined in the 2003 ISDA Credit Derivatives Definitions) the Successor(s) determined by the relevant Credit Derivatives Determinations Committee shall for the purposes of this Note be the Successor(s). In the event that two or more Successors are determined by such Credit Derivatives Determinations Committee then the Credit Related Provisions contained herein and all related Redemption provisions shall be deemed to be pro-rated to apply to the respective Successors in the proportions determined by the relevant Credit Derivatives Determinations Committee. In the event that the relevant Credit Derivatives Determinations Committee fails to determine a Successor(s) following a Succession Event then the Calculation Agent shall notify the Issuer of the selection of any Successor or any Substitute Reference Entity pursuant to the terms of the Notes. In such notice, the Calculation Agent will also notify the Issuer of its selection (in its sole and absolute discretion) of the Reference Obligation for the relevant Reference Entity. The Issuer, or its Nominee, shall notify the Noteholders as soon as practicable after receipt of such notice from the Calculation Agent. Notwithstanding anything to the contrary in the General Terms and Conditions, if, in the sole and absolute opinion of the Calculation Agent, a Succession Event occurs that would result in more than one Successor for a Reference Entity pursuant to the terms of the General Terms and Conditions, the Issuer or the Nominee of the Issuer may select in its sole and absolute discretion only one Successor (which, for the avoidance of doubt, may include the relevant Reference Entity if such entity has been identified as a Successor) to replace the Reference Entity affected by the Succession Event. The substitution of the Reference Entity shall be deemed to be effective on the legally effective date of the Succession Event. The consent of Noteholders will not be required for any amendment required as a consequence of the identification of more than one Successor.
Reference Obligation	In respect of the Reference Entity the Reference Obligation set out next to the Reference Entity in the table in Section 1 "Information on Underlying" on Page 1 of these Final Terms.
Affected Reference Entity	The Reference Entity in respect of which a Credit Event Determination Date has occurred.
All Guarantees	In relation to the Reference Entity, applicable or not applicable as set out in Section 4 Overview.
Credit Event:	In relation to the Reference Entity, the applicable Credit Events as set out in Section 4 Overview. The definitions of "Credit Events" are set out below under "Credit Event Definitions".
Deliverable Obligations:	In relation to the Reference Entity, the applicable Deliverable Obligations set out in Section 4 Overview. The definitions of "Deliverable Obligations" are set out in the General Terms and Conditions.

Credit Event Definitions

Credit Event means one or more of the Credit Events specified in Section 4 Overview. If an occurrence that would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, or, as applicable, any Underlying Obligation, however described (c) any applicable law, order, regulation, decree or notice, howsoever described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Bankruptcy means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

Failure to Pay means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

General Information

Issuer	UBS AG, Jersey Branch
Issuer's Rating	Aa3 Moody's / A+ S&P's / A Fitch
Lead Manager	UBS Limited
Calculation Agent	UBS AG, London Branch, or any successor thereof. All determinations by the Calculation Agent hereunder in the absence of manifest error, wilful default or bad faith, will be final and conclusive, and the Calculation Agent and the Issuer have no liability to the Noteholders or any third party in relation to such determinations.
Principal Paying Agent	UBS AG, Zurich
Debt Ranking/ Status of the Notes	Unsecured / Unsubordinated
Nominee of the Issuer	UBS AG, London Branch
Business Days	London, Zurich
Business Day Convention	Modified Following Adjusted
Listing	None
Secondary Market	It is the current practice (but not the legal obligation) of UBS AG and/or its affiliates

	("UBS"), in respect of notes for which UBS is the arranger, to quote on request a live price, which it might pay/charge for early termination of any note of this type that it issues. A live unwind price may be affected by then-current market conditions, liquidity and market standard denomination. UBS is under no obligation to hold a price quoted for any length of time unless this is agreed at the time of giving the quote.
Minimum Trading Lot/ Minimum Investment	CHF 50,000
Product/Note	One 10 year CHF denominated Note with Redemption Amount and Interest payable, provided no Credit Event occurs in respect of the Reference Entity, with the given Specified Denomination is equivalent to one (1) "Product"/"Note". "Products"/"Notes" wherever used herein shall be construed to mean integral multiples of the same, subject to the Issue Size.
Clearing System	SIX SIS, Euroclear, Clearstream (registered with SIX SIS AG in Switzerland as intermediated securities)
Form of Notes	Uncertificated Securities
Delivery	Delivery against payment
Governing Law/ Jurisdiction	Swiss/Zurich

Tax Treatment

Swiss Federal Stamp Duty	Secondary market transactions are subject to Swiss Stamp Duty.
Swiss Federal Income Tax	For private investors with tax domicile in Switzerland, the interest component of the payment is subject to Swiss federal as well as cantonal and communal income tax.
Swiss Withholding Tax	Not subject to Swiss Withholding Tax.
EU Savings Tax Treatment	IN SCOPE: For Swiss paying agents, any guaranteed return in form of a coupon, premium or discount is subject to the EU Savings Tax at payment date, sale or redemption date. The return which is not guaranteed is subject to the EU Savings Tax at time of redemption only (TK19).

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.

Product Documentation

These Final Terms together with the 'UBS General Terms and Conditions for Credit Linked Notes', as amended from time to time (the "General Terms and Conditions") shall form the documentation for this Product (the "Product Documentation"), and accordingly the Final Terms should be read in conjunction with the General Terms and Conditions . If there is any inconsistency between the terms set out in the Final Terms and the General Terms and Conditions these Final Terms shall prevail. Unless otherwise stated, definitions used in these Final Terms, but not defined herein shall have the meaning given to them in the General Terms and Conditions, or if not defined therein shall have the meanings as defined in the 2003 ISDA Credit Derivatives Definitions, as may be amended or supplemented from time to time, as published by the International Swaps and Derivatives Association, Inc.

During the whole term of this Product, the respective Product Documentation 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, 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 Investdata. 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

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.

Furthermore, this Product does not benefit from any depository 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 laws as might be applicable to this Product.

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

1.) Market Expectation

Investors are exposed to the credit risk of the Issuer as well as the credit risk of the Reference Entity (Underlying). Therefore, Investors in this Product expect that during the lifetime of the Product neither a Credit Event with respect to any of the Underlyings nor to the Issuer will occur.

2.) Risk Tolerance

Investors in this Product should be familiar with both credit and interest rate markets. Although Investors benefit from regular Interest payments, they must be aware that they receive an Interest that is exposed to the performance of the Underlying which could be worse than the performance expected at the time of the purchase of this Product.

3.) Profit Potential

The prospective gain is limited to the Interest.

4.) Loss Potential

Principal (to the full extent of the Specified Denomination) **and Interest** are at risk if a Credit Event – as described in the section "Credit Related Provisions ", "Credit Event" and "Overview" – occurs with respect to the Reference Entity or its Obligations. Following a Credit Event Determination Date, the Notes will redeem early, and upon redemption, the Investor receives the Auction Redemption Amount (as defined in Section 4 Part 1 of the General Terms and Conditions) which will very likely be below the Specified Denomination of the Product (such amount may be zero).

A Credit Event may occur at any time during the term of the Credit Linked Notes and even prior to the Issue Date. Any such Credit Event may be relevant for the Credit Linked Notes, if it has occurred after the Trade Date. Therefore, the Holder may bear the risk that a Credit Event has occurred prior to the Issue Date which may reduce interest and/or principal payments of the Credit Linked Notes and might even result in the total loss of the Holder's investment immediately after the Issue Date.

5.) Risk Factors Relating to Credit-linkage

The Notes are also subject to early redemption following a Credit Event. The Notes are securities which are credit linked to the Reference Entity and the obligations of such Reference Entity. Investors should note that Notes differ from ordinary debt securities issued by the Issuer in that the payment of principal and interest by the Issuer is dependent on whether a Credit Event Determination Date has occurred in respect of the Reference Entity.

Neither the Issuer, its Nominee, the Lead Manager, the Calculation Agent nor any other party is required to provide any information to Noteholders at any time or from time to time regarding the Reference Entity or its obligations or as to the prospect or likelihood of the occurrence of a Credit Event or a Succession Event or to notify Noteholders of any resolution of any Credit Derivatives Determinations Committee that a Credit Event or a Succession Event has occurred. However, it is expected that certain resolutions of the relevant Credit Derivatives Determinations Committee pertaining to the determination of such events will be announced on ISDA's website at www.isda.org (or any successor website thereto) from time to time in accordance with the Credit Derivatives Determinations Committees Rules, as amended from time to time.

Following a Credit Event Determination Date, the Notes will cease to bear interest and the Notes will redeem early, and upon redemption:

(i) redemption proceeds in an amount less than the principal amount of the Notes may be paid to the Noteholders (and such amount may be zero); or

(ii) Deliverable Obligations the value of which may be less than the principal amount of the Notes may be delivered to the Noteholders (and such value may be zero).

Noteholders' attention is drawn to the fact that due to the operation of the terms relating to Cash Redemption, or Physical Redemption, or Auction Redemption (as the case may be) there may be a considerable period of time following a Credit Event Determination Date before the Notes are actually redeemed.

A Noteholder is exposed to the credit risk and general risks of the Reference Entity. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in credit linked notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Noteholders should note that the Reference Entity to which the Notes are referenced may change from time to time as a result of the occurrence of any Succession Events and, if more than one successor Reference Entity is determined as a result of any such Succession Event, the Notes will be required to be amended without the consent of the Noteholders so as to reflect the fact that there will be multiple Reference Entities. The Calculation Agent is responsible for making determinations as to whether a Succession Event has occurred, provided that the Calculation Agent is not required to make any such determination if ISDA has announced that a Credit Derivatives Determination Committee has been convened for such purpose and if such Credit Derivatives Determination Committee has resolved to make such determination. Accordingly, the Issuer and Noteholders will be bound by any such determination of the relevant Credit Derivatives Determination Committee, whether or not their views may differ from that of the relevant Credit Derivatives Determination Committee.

Neither the Issuer nor any of its affiliates has made any representation whatsoever with respect to the Reference Entity, any Reference Obligation, any Obligation, any Deliverable Obligation, any Underlying Obligor or any Underlying Obligation on which any Noteholder is relying or is entitled to rely. The Issuer and its affiliates are not responsible for the Reference Entity's public disclosure of information.

The Issuer and its affiliates and the Calculation Agent may deal in each Reference Obligation, Obligation, Deliverable Obligation or Underlying Obligation and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, any Underlying Obligor or any affiliate of a Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to a Reference Entity or any Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

The Issuer and its affiliates and the Calculation Agent may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Reference Entity or any Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or its affiliates or the Calculation Agent to disclose to any Noteholder any such relationship or information (whether or not confidential).

The Reference Entity is not involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and not to the Reference Entity, and the Notes do not represent a direct investment in any Obligation of the Reference Entity or otherwise give the Noteholders any rights in the debt obligations of the Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations of the Reference Entity may have.

There is no guarantee, protection or assurance for purchasers of the Notes in respect of the credit or performance of the Reference Entity, Reference Obligation or Obligations. Neither the Issuer nor any of its affiliates makes any representation as to the future performance of the Notes either in absolute terms of relative to other investments.

The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates.

Some Reference Obligations and Deliverable Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations and Deliverable Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity. Some or all of the Reference Obligations and Deliverable Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event Determination Date occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation and/or Deliverable Obligations could be further magnified by reason of such limited liquidity for that Obligation or that Reference Obligation in particular.

Any quotations used in the calculation of the Cash Settlement Amount (where applicable) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The Valuation Obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount by which the Cash Settlement of the Notes may be reduced. Following a Credit Event Determination Date, the Issuer or the Nominee of the Issuer is entitled to select an Obligation for delivery (or, if Cash Settlement applies, for valuation) which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Deliverable Obligation.

Where Auction Redemption is specified as being applicable and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at www.isda.org (or any successor website thereto). Noteholders should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at www.isda.org (or any successor website thereto). Consequently, Noteholders will be bound by any such relevant decisions if Auction Redemption is applicable.

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) 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.

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.

UBS may have paid a fee to a third party introducer or broker in relation to this transaction. Further, in certain circumstances UBS sells these notes to dealers and other financial institutions at a discount to the issue price or rebates to them for their own account some proportion of the issue price. Further information on the foregoing is available on request.
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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 General Terms and Conditions.

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.

4. Overview

North American Corporate – No Restructuring

Business Days:	**USD**: London and New York	**EUR**: London, New York and TARGET	**GBP**: London
	CHF: London and Zurich	**JPY**: London and Tokyo	**CAD**: London, New York & Toronto
All Guarantees:	Not Applicable		
Credit Events:	Bankruptcy		

	Failure to Pay		
		Grace Period Extension:	Not Applicable
		Payment Requirement:	USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.
Obligation(s):	Obligation Category:	Borrowed Money	
	Obligation Characteristics:	None	
Exclude Accrued Interest:	Applicable		
Deliverable Obligations:	Deliverable Obligation Category:	Bond or Loan	
	Deliverable Obligation Characteristics:	Not Subordinated Specified Currency: Standard Specified Currencies Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer	
Physical Settlement Period:		As per Section 8.6 of the Definitions[2] capped at 30 Business Days	
60 Business Day Cap on Settlement		Not Applicable	

[2] All references to "Definitions" mean the 2003 ISDA Credit Derivatives Definitions, as supplemented by the July 2009 Supplement, May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. Capitalized terms used in this Credit Derivatives Physical Settlement Matrix and not defined here have the meanings given to such terms in the Definitions.

5. 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 a 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 Notes, 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.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to any offer. If an investor is in any doubt about any of the contents of this document, the investor should obtain independent professional advice.

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.

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 (Cap. 289) of Singapore ("SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, 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.

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

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

UBS General Terms and Conditions for Credit Linked Notes

Date 17 August 2011
Version 2011-09

1. Preliminary Remarks

UBS AG (the "Issuer" or "UBS AG" or "UBS") may from time to time issue credit linked structured notes in securitized form (the "Notes"). The Notes will be issued based (i) on the information set out in these "General Terms and Conditions for Credit Linked Structured Notes", as amended from time to time (the "General Terms and Conditions") and (ii) on the relevant final terms of each Note (the "Final Terms"). The General Terms and Conditions and the Final Terms shall form the entire documentation for each Note (the "Notes 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.

Definitions used in the General Terms and Conditions or the Final Terms, but not defined therein shall have the meaning given to them in the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc.

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

The Issuer accepts responsibility for all information contained in the Notes 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 Notes in certain jurisdictions may be restricted by law. Persons, who obtain possession of the Notes 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 Notes 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 Note, the Notes Documentation can be ordered free of charge from the Lead Manager at P.0. 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, the Notes Documentation is available on the internet at www.ubs.com/keyinvest.

2. Risk Factors

An investment in the Notes involves certain risks. If one or more of the risks described below occur, potential investors in the Notes (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 Notes. 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 Notes.

Investment decisions should ***not*** *be made solely on the basis of the risk warnings set out in the Notes 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 Notes. Only Potential Investors who are fully aware of the risks associated with the investment in the Notes and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.

2.1.2 Buying Notes on Credit

Potential Investors financing the purchase of Notes 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 Notes, 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 Notes) 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 Notes. However, as part of such independent investigation and analysis, Potential Investors should consider carefully all the information set forth in the Notes Documentation.

Investment in the Notes may involve a loss of principal by virtue of the terms of the Notes 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 Notes involves substantial risks. Potential Investors should be familiar with instruments having the characteristics of the Notes and should fully understand the terms and conditions set out in the Notes 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 it deems appropriate under the circumstances, that the acquisition of the Notes (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 its 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 Notes Documentation reflect the view of the Issuer based on the legislation applicable at the date of issuance of the Notes 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 Notes 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 Notes 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 Notes early for tax reasons. Accordingly, Potential Investors should consult their personal tax advisors before making any decision to purchase the Notes 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 Notes.

2.1.6 Effect of Ancillary Costs

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

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

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for the Notes 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 the Notes, 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 Notes at a specific time or at a specific price. Additionally, the Issuer has the right (but no obligation) to purchase Notes at any time and at any price in the open market or by tender or private agreement. Any Notes 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 Notes may involve risk exposure to fluctuations in exchange rates of the relevant currencies in which the Notes 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 Notes, (ii) the Notes may be denominated in a currency other than the currency of the Investor's home jurisdiction and/or (iii) the Notes 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 Notes 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 Notes could entail risks due to fluctuating exchange rates, and that the risk of loss does not depend solely on the performance of the Underlying, but also on unfavourable developments in the value of the such other currency.

2.3 Risk Factors relating to the Notes

2.3.1 Risk Factors Relating to Credit-linkage of the Notes

Principal and Interest of Notes are at risk if a Credit Event occurs with respect to the Reference Entity or its Obligations. Following a Credit Event Determination Date, the Notes will redeem early, and upon redemption, the Investor receives the Auction Redemption Amount (as defined in Section 4 Part 1 of the General Terms and Conditions) which will very likely be below the Specified Denomination of the Product (such amount may be zero).

The Notes are also subject to early redemption following a Credit Event. The Notes are securities which are credit-linked to the Reference Entity and the obligations of such Reference Entity. Investors should note that Notes differ from ordinary debt securities issued by the Issuer in that the payment of principal and interest by the Issuer is dependent on whether a Credit Event Determination Date has occurred in respect of the Reference Entity.

Neither the Issuer, its Nominee, the Arranger, the Calculation Agent nor any other party is required to provide any information to Noteholders at any time or from time to time regarding the Reference Entity or its obligations or as to the prospect or likelihood of the occurrence of a Credit Event or a Succession Event or to notify Noteholders of any resolution of any Credit Derivatives Determinations Committee that a Credit Event or a Succession Event has occurred. However, it is expected that certain resolutions of the relevant Credit Derivatives Determinations Committee pertaining to the determination of such events will be announced on ISDA's website at www.isda.org (or any successor website thereto) from time to time in accordance with the Credit Derivatives Determinations Committees Rules, as amended from time to time.

Following a Credit Event Determination Date, the Notes will cease to bear interest and the Notes the Notes will redeem early, and upon redemption:

(i) redemption proceeds in an amount less than the principal amount of the Notes may be paid to the Noteholders (and such amount may be zero); or

(ii) Deliverable Obligations the value of which may be less than the principal amount of the Notes may be delivered to the Noteholders (and such value may be zero).

Noteholders' attention is drawn to the fact that due to the operation of the terms relating to Cash Redemption, or Physical Redemption, or Auction Redemption (as the case may be) there may be a considerable period of time following a Credit Event Determination Date before the Notes are actually redeemed.

A Noteholder is exposed to the credit risk and general risks of the Reference Entity. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in credit linked Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Noteholders should note that the Reference Entity to which the Notes are referenced may change from time to time as a result of the occurrence of any Succession Events and, if more than one successor Reference Entity is determined as a result of any such Succession Event, the Notes will be required to be amended without the consent of the Noteholders so as to reflect the fact that there will be multiple Reference Entities. The Calculation Agent is responsible for making determinations as to whether a Succession Event has occurred, provided that the Calculation Agent is not required to make any such determination if ISDA has announced that a Credit Derivatives Determination Committee has been convened for such purpose and if such Credit Derivatives Determination Committee has resolved to make such determination. Accordingly, the Issuer and Noteholders will be bound by any such determination of the relevant Credit Derivatives Determination Committee, whether or not their views may differ from that of the relevant Credit Derivatives Determination Committee.

Neither the Issuer nor any of its affiliates has made any representation whatsoever with respect to the Reference Entity, any Reference Obligation, any Obligation, any Deliverable Obligation, any Underlying Obligor or any Underlying Obligation on which any Noteholder is relying or is entitled to rely. The Issuer and its affiliates are not responsible for the Reference Entity's public disclosure of information.

The Issuer and its affiliates and the Calculation Agent may deal in each Reference Obligation, Obligation, Deliverable Obligation or Underlying Obligation and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity, any Underlying Obligor or any affiliate of a Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to a Reference Entity or any Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

The Issuer and its affiliates and the Calculation Agent may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Reference Entity or any Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or its affiliates or the Calculation Agent to disclose to any Noteholder any such relationship or information (whether or not confidential).

The Reference Entity is not involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and not to the Reference Entity, and the Notes do not represent a direct investment in any Obligation of the Reference Entity or otherwise give the Noteholders any rights in the debt obligations of the Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations of the Reference Entity may have.

There is no guarantee, protection or assurance for purchasers of the Notes in respect of the credit or performance of the Reference Entity, Reference Obligation or Obligations. Neither the Issuer nor any of its affiliates makes any representation as to the future performance of the Notes either in absolute terms of relative to other investments.

The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates.

Some Reference Obligations and Deliverable Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations and Deliverable Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity. Some or all of the Reference Obligations and Deliverable Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event Determination Date occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation and/or Deliverable Obligations could be further magnified by reason of such limited liquidity for that Obligation or that Reference Obligation in particular.

Any quotations used in the calculation of the Cash Settlement Amount (where applicable) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The Valuation Obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount by which the Cash Settlement of the Notes may be reduced. Following a Credit Event Determination Date, the Issuer or the Nominee of the Issuer is entitled to select an Obligation for delivery (or, if Cash Settlement applies for valuation) which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Deliverable Obligation.

Where Auction Redemption is specified as being applicable and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at www.isda.org (or any successor website thereto). Noteholders should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at www.isda.org (or any successor website thereto). Consequently, Noteholders will be bound by any such relevant decisions if Auction Redemption is applicable.

2.3.2 Risk-hedging Transactions

The ability to eliminate or to restrict the initial risks of the Notes 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 Note. 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 Notes that will allow them to offset or limit relevant risks.

2.3.3 Disruption Events

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

2.3.4 Other Factors affecting Value

The value of a Note is determined not only by changes in the price of the Underlying, but also a number of other factors. Since several risk factors may have simultaneous effects on the Notes, 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 Notes.

These factors include, *inter alia*, the terms and conditions of the specific Note, 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 Note 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 Notes involves a valuation risk with regard to the Underlying. They should have experience with transactions in Notes 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 Notes, 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 Notes relate are accurate or complete. There can be no assurance that all events occurring prior to the Pricing Date of the relevant Notes that would affect the trading price of the underlying asset, index or other item(s) to which the Notes relate (and therefore the trading price and value of the Notes) 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 Notes relate could affect the trading price and value of the Notes.

2.3.6 Fluctuations in Market Volatility may affect the Value of Notes

Market volatility reflects the degree of instability and expected instability of the performance of the 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 Investing in the Notes is not the same as Investing in the Underlying

Potential Investors should be aware that the market value of the Notes may not have a direct relationship with the value of the Underlying, and changes in the value of the Underlying will not necessarily result in a comparable change in the market value of the Notes.

2.3.8 Protection Amount

If and to the extent that a capital protection has been declared applicable in the relevant Final Terms, the Notes 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 Note. The capital protection, if any, will not be due if the Notes are redeemed prior to their Redemption Date or upon the occurrence of a 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.

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

2.3.9 Understanding the Exchange Rates

With respect to any Underlying, the exchange rate may by industry practice be commonly expressed as the number of units of one particular currency to the other, and not the reverse, regardless of which of the two currencies is the principal currency or the alternative currency. It is therefore possible, depending on which of a currency forming the Underlying is the principal currency, that a lower numerical exchange rate may indicate a more expensive principal currency. Moreover, the description of an exchange rate as, for example, the "USD/JPY" or "EUR/USD" does not necessarily imply that the rate is expressed in units of the first-named currency per unit of the second-named currency.

2.3.10 Determination of Spot Exchange Rates

There is no centralized market for interbank foreign exchange trading. The Calculation Agent will determine the value of the spot rate based on transactions traded through the Electronic Broking System and Reuters 2002 systems, as well as on transactions traded by the Issuer and its affiliates in the interbank foreign exchange and/or precious metals market. The Calculation Agent will not review any other source of information on transactions in the relevant spot exchange rates.

2.3.11 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 foreign currency exchange rates in the ordinary course of their businesses. These views are sometimes communicated to clients who participate in foreign exchange 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 foreign currencies may at any time have significantly different views from the views of the Issuer and its affiliates. Investors must derive information about foreign exchange markets from multiple sources. Investors should investigate the foreign exchange markets and not rely on views which may be expressed by the Issuer or its affiliates in the ordinary course of the Issuers or its affiliates businesses with respect to future exchange rate 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 foreign exchange rates generally or in the relevant exchange rate 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 Notes. Any of these activities may affect the market value of the Notes.

2.3.12 Unpredictable Factors

The relevant spot exchange rate may be influenced by unpredictable factors, including fluctuations in currency exchange rates. The value of the Underlying and its spot levels, and, therefore, the investment, may be affected by various and often unpredictable factors, including, but not limited to, the exchange rate and economic, financial, social and political conditions globally and in particular countries. The exchange rate and the liquidity and trading values of, and amounts payable with respect to, the Note may be affected by the actions of sovereign governments that may directly or indirectly impact the Underlying. The market value of the Note may fluctuate between the Trade Date and the Expiration Date at the Expiration Time. The Calculation Agent will determine the settlement on maturity.

2.3.13 No Systematic Reporting of Last-Sale Information for Foreign Currencies

There is no systematic reporting of last-sale information for foreign currencies. Reasonable current bid and offer information is available in certain brokers' offices, in bank foreign currency trading offices, and to others who wish to subscribe for this information, but this information will not necessarily reflect the relevant exchange rate relevant for determining the value of the Notes. The absence of last-sale information and the limited availability of quotations to individual investors make it difficult for many Investors to obtain timely, accurate data about the state of the underlying foreign exchange markets.

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 Notes 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 Notes. 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 Notes 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 Notes. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming from the Notes. 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 Notes and other associated determinations. In addition, the Issuer and its affiliates may act in other capacities with regard to the Notes, 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 Notes may affect the value of the Notes. 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 Notes.

2.4.5 Disclosure with regard to Fees

Within the context of the offering and sale of the Notes, 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 Notes, 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. General Definitions

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

"Business Day"	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.
"Conversion Ratio"	means the number of Underlyings into which a given number of Notes may be converted.

“Credit Event”	**See, as the case may be, definitions for bankruptcy, obligation acceleration, failure to pay, repudiation/ moratorium, or restructuring, as defined in the termsheet for the Notes.**
"Exchange"	means the stock exchange where the Note is listed, if applicable.
"Disruption Event"	means the occurrence of any of the following events: Price Source Disruption, FX Disruption Event or Settlement Disruption Event.
"Exchange Business Day"	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 Notes 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. Subject to a Disruption Event.
"Investor"	means the person entitled to the rights conferred by the Notes.
"Related Exchange(s)"	means the exchange(s) on which the relevant Underlying or its components and relating to Notes on Commodity Indices the relevant Underlying Components are traded.
"Scheduled Closing Time"	relating to Notes 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.
"Settlement Currency"	means the currency used for the payment of any redemption amount or any other amount.
"Trading Day"	means any day that is a scheduled trading day of the Related Exchange, subject to a Disruption Event.
"Trading Expiration Time"	means the time on the Expiration Date until which the Notes can be traded at the Related Exchange.
''Underlying Component''	relating to Notes 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.

"Valuation Date"	means the Expiration Date and/or any Observation Date(s). 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. Standard Credit-Linked Note Terms dated 02 December 2009

Part 1: Redemption upon Credit Event(s):

Redemption following Credit Event Determination Date:

If the Calculation Agent determines that a Credit Event has occurred and that, subject to the satisfaction of the Condition to Settlement, the Issuer will be entitled to redeem the Notes pursuant to this Schedule, the Calculation Agent shall notify the Issuer of the same. The Issuer may, subject to the satisfaction of the Condition to Settlement, but shall not be required to (notwithstanding that the Condition to Settlement may have been satisfied, unless a Credit Event Notice has been given), redeem the Notes in accordance with the Physical Redemption Terms or the Cash Redemption Terms or the Auction Redemption Terms, as applicable. If a Credit Event Notice is not required to be given in order for a Credit Event Determination Date to occur, then, if the Issuer intends to redeem the Notes as aforesaid, the Issuer or its Nominee shall give notice in writing to the Calculation Agent and the Noteholders that the Notes shall be so redeemed at least five Business Days prior to the date for redemption (provided that any failure to give such notice shall not affect the right of the Issuer to redeem the Notes pursuant to this Schedule).

Condition to Settlement:

The occurrence of a Credit Event Determination Date to the extent that such Credit Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, the Valuation Date or the Physical Redemption Date, as applicable.

Credit Event Determination Date:

With respect to a Credit Event:

(a) subject to clause (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the date on which the Issuer or its Nominee delivers the Credit Event Notice to the Calculation Agent and the Noteholders and is effective during either:

(A) the Notice Delivery Period; or

(B) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in items (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or

(b) notwithstanding clause (a) above, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date, if either:

(A) (1) the relevant Credit Event is not a Restructuring; and

(2) either:

(y) if Auction Redemption is specified under Credit Event Redemption, the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or

(z) if Auction Redemption is not specified under Credit Event Redemption, the Trade Date occurs on or prior to the relevant DC Credit Event Announcement; or

(B) (1) the relevant Credit Event is a Restructuring; and

(2) the Credit Event Notice is delivered by the Issuer or its Nominee to the Calculation Agent and the Noteholders and is effective on or prior to the Exercise Cut-off Date,

provided that, in the case of clause (b) above:

(X) no Physical Redemption Date or Cash Redemption Date has occurred on or prior to the date on which the DC Credit Event Announcement occurs;

(Y) if any Valuation Date or date for delivery of the Portfolio, as applicable, has occurred as of the date on which the DC Credit Event Announcement occurs, a Credit Event Determination Date shall be deemed to have occurred only with respect to the portion of the outstanding nominal amount of the Notes, if any, with respect to which no Valuation Date or such date for delivery, as applicable, has occurred; and

(Z) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Issuer or its Nominee, (aa) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (bb) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding nominal amount of the Notes.

(c) Notwithstanding the foregoing, and unless the Issuer or its Nominee otherwise elects by written notice to the Calculation Agent and the Noteholders, no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Redemption Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.

Credit Event Notice: A notice given by the Issuer or its Nominee to the Calculation Agent and the Noteholders in writing of the determination that a Credit Event has occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)). The Credit Event Notice shall describe in reasonable detail the facts relevant to the determination that a Credit Event has occurred and, subject as provided below, shall confirm the occurrence of a Credit Event with Publicly Available Information. The Credit Event Notice shall, subject as provided below, contain a copy or a description in reasonable detail of the relevant Publicly Available Information. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date that the Credit Event Notice is given. Notwithstanding the foregoing, no Publicly Availably Information shall be required if a DC Credit Event Announcement has occurred on or prior to the date on which the relevant Credit Event Notice is delivered.

Notice Delivery Period: The period from and including the Trade Date to and including the date that is 14 calendar days after the Extension Date.

Extension Date: The latest of (a) the Scheduled Maturity Date, (b) the last day of the Grace Period Extension Period if (i) Grace Period Extension is specified as applicable, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) and (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in part (ii) of the definition of "Repudiation/Moratorium" occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) and (iii) a Repudiation/Moratorium Extension Notice is delivered.

Exercise Cut-off Date:

With respect to a Credit Event:

(a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation " is specified as being Applicable), either:

(i) the Relevant City Business Day (which expression, as used herein, shall have the meaning given to it in the Rules (as defined in the Auction Redemption Terms)) prior to the Auction Final Price Determination Date, if any;

(ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or

(iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,

as applicable; or

(b) if such Credit Event is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as being Applicable and:

(i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules (as defined in the Auction Redemption Terms); or

(ii) a No Auction Announcement Date occurs pursuant to part (a) of the definition of No Auction Announcement Date in the Auction Redemption Terms, the date that is 21 calendar days following such No Auction Announcement Date.

DC Credit Event Announcement:

With respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and

(ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

DC No Credit Event Announcement:	With respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event for purposes of the relevant Credit Derivative Transaction with respect to such Reference Entity (or an Obligation thereof).
Final List:	Has the meaning given to that term in the Rules (as defined in the Auction Redemption Terms).
Potential Credit Event Extension:	If the Calculation Agent determines in its sole and absolute discretion that a Potential Credit Event has occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) in relation to a Reference Entity, then the Calculation Agent shall as soon as reasonably practicable thereafter send a notice to the Issuer setting out such determination. If a Potential Credit Event is so determined by the Calculation Agent to have occurred, the Issuer may elect to extend the Scheduled Maturity Date to a date not later than either (i) the 21st calendar day following the original Scheduled Maturity Date, or (ii) if a Credit Event Resolution Request Date with respect to the Potential Credit Event has occurred on or prior to the original Scheduled Maturity Date, the date on which the related DC Credit Event Announcement occurs (or, in the case of a DC Credit Event Announcement in respect of a Restructuring Credit Event, the date on which the relevant Exercise Cut-off Date occurs) or the date on which the related DC No Credit Event Announcement occurs, as applicable. References to the Scheduled Maturity Date in the Extension Date, Grace Period Extension and Repudiation/Moratorium Extension provisions of this Part 1 shall be construed accordingly. The Issuer or its Nominee shall give notice in writing to the Calculation Agent and the Noteholders of its election to extend the Scheduled Maturity Date pursuant to this Potential Credit Event Extension provision on or as soon as reasonably practicable after the original Scheduled Maturity Date (provided that any failure to give such notice shall not affect the right of the Issuer to extend the Scheduled Maturity Date pursuant to this Potential Credit Event Extension provision). Any Interest due on the original Scheduled Maturity Date shall, subject as may otherwise be specified, be deemed to be due on the actual Maturity Date and no further Interest shall accrue after the original Scheduled Maturity Date.
Potential Credit Event:	An event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event.
Notices	In respect of any notice to be delivered to the Noteholders pursuant to the terms of this Schedule, such notice shall be deemed to have been delivered to the Noteholders upon 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 http://www.ubs.com/keyinvest.
Grace Period Extension:	If the Calculation Agent determines that a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) in relation to a Reference Entity to which Grace Period Extension is specified as applicable, but the applicable Grace Period (if any) cannot by its terms expire on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)), the Scheduled Maturity Date shall not be the Maturity Date of the Notes and the maturity of the Notes shall be extended in accordance with the following provisions. Any Interest due on the Scheduled Maturity Date shall, subject as may otherwise be specified, be deemed to be due on the actual Maturity Date and no further Interest shall accrue after the Scheduled Maturity Date.

If a Credit Event Determination Date in respect of the Failure to Pay does not occur on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) then the date that is two Business Days after such date will be the Maturity Date. If a Credit Event Determination Date in respect of the Failure to Pay does occur on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), then Redemption will occur in accordance with the Physical Redemption Terms or the Cash Redemption Terms or the Auction Redemption Terms, as applicable and as described in Part 1 of this Schedule.

Grace Period Extension Period:	Means the number of days in the Grace Period after the Potential Failure to Pay subject to a maximum of 30 calendar days.
Grace Period:	Means the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred. Any Obligation with no grace period shall be deemed to have a grace period of 3 Business Days, provided that unless Grace Period Extension is applicable, the deemed Grace Period shall expire no later than the Scheduled Maturity Date.
Potential Failure to Pay:	Means the failure by a Reference Entity to make, when and where due, any payment in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation in accordance with the terms of such obligation at the time of such failure.
Repudiation/Moratorium Extension:	If the Calculation Agent determines that a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) in relation to a Reference Entity to which Repudiation/Moratorium is specified as applicable and a Repudiation/Moratorium Extension Notice is delivered on or before the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)), then the Scheduled Maturity Date shall not be the Maturity Date of the Notes and the maturity of the Notes shall be extended in accordance with the following provisions. Any Interest due on the Scheduled Maturity Date shall, subject as may otherwise be specified, be deemed to be due on the actual Maturity Date and no further Interest shall accrue after the Scheduled Maturity Date. If a Credit Event Determination Date in respect of the Repudiation/Moratorium does not occur on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), then the date that is two Business Days after such date will be the Maturity Date. If a Credit Event Determination Date in respect of the Repudiation/Moratorium does occur on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), then Redemption will occur in accordance with the Physical Redemption Terms or the Cash Redemption Terms or the Auction Redemption Terms, as applicable and as described in Part 1 of this Schedule.
Repudiation/Moratorium Evaluation Date:	If the Obligations to which a Potential Repudiation/Moratorium relate include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or if later the expiry of any applicable Grace Period in respect of such payment date). If the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.
Repudiation/ Moratorium Extension Notice:	A notice given by the Calculation Agent to the Issuer and the Noteholders in writing of the determination that a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)). The Repudiation/Moratorium Extension Notice shall describe in reasonable detail the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and shall, subject as provided below, confirm the occurrence of a Potential Repudiation/Moratorium with Publicly Available Information. The Repudiation/Moratorium Extension Notice shall, subject as provided

below, contain a copy or a description in reasonable detail of the relevant Publicly Available Information. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is given. Notwithstanding the foregoing, no Publicly Available Information shall be required in circumstances where ISDA publicly announces on or prior to the date on which the relevant Repudiation/Moratorium Extension Notice is delivered (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to the relevant Reference Entity.

Potential Repudiation/Moratorium:	Means the occurrence of the events described in section (i) of the definition of "Repudiation/Moratorium".
Credit Event Resolution Request Date:	With respect to a notice to ISDA, delivered in accordance with the Rules (as defined in the Auction Redemption Terms), requesting that a Credit Derivatives Determinations Committee be convened to Resolve: (a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event, the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information (as defined in the July 2009 Supplement) with respect to the DC Resolutions referred to in items (a) and (b) above.
Credit Event Backstop Date:	(a) For purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in part (ii) of the definition of Repudiation/Moratorium) as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which the Credit Event Notice is delivered by the Issuer or its Nominee to the Calculation Agent and the Noteholders and is effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in items (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules (as defined in the Auction Redemption Terms), (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice is delivered by the Issuer or its Nominee to the Calculation Agent and the Noteholders and is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.
Resolve:	Has the meaning given to that term in the Rules (as defined in the Auction Redemption Terms), and "Resolved" and "Resolves" shall be interpreted accordingly.
Physical Redemption Terms:	
Physical Redemption:	If the Condition to Settlement is satisfied and Physical Redemption is specified under Credit Event Redemption (or if Physical Redemption is applicable as the Fallback Redemption Method in accordance with the Auction Redemption Terms), then the Notes may, subject to the Suspension Terms set out below, be redeemed on or prior to the Final Physical Redemption Date by delivery of the Portfolio in the manner described below. If there is more than one Noteholder, each Noteholder shall be delivered its pro rata share of the Portfolio. In order to redeem the Notes by delivery of the Portfolio the Issuer or its Nominee shall give 10 Business Days' prior notice (the "Notice of Physical Settlement") to the Calculation Agent and the Noteholders of:

A) the intended date for delivery of the relevant Deliverable Obligations to Noteholders (the "Physical Redemption Date");

~~A)~~B) a detailed description of the Deliverable Obligations and or cash that will constitute the Portfolio;

~~A)~~C) the estimated outstanding principal balance of the Deliverable Obligations that are to be delivered and the CUSIP or ISIN number of each Deliverable Obligation if available (if such identifying number is not available the rate and tenor of the Deliverable Obligation);

~~A)~~D) the method by which the Noteholders must provide their settlement instructions to the Issuer or its Nominee.

The Issuer or its Nominee may serve subsequent Notices of Physical Settlement to change the Physical Redemption Date and/or one or more of the Deliverable Obligations or the amount of cash comprising the Portfolio and/or the detailed description of the Deliverable Obligations at any time on or prior to the tenth Business Day before the Final Physical Redemption Date and the last Notice of Physical Settlement served within this period shall override all previous such notices. The Issuer or its Nominee may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations by notice to the Calculation Agent and the Noteholders prior to the date of delivery of the Portfolio.

Noteholders shall notify the Issuer or its Nominee as applicable within 5 Business Days of delivery of the Notice of Physical Settlement of their instructions for settlement in any major financial centre of the Deliverable Obligations comprising the Portfolio. Delivery shall be made in accordance with the market practice applicable to the Deliverable Obligation on the Physical Redemption Date, subject to the Suspension Terms set out below. If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the outstanding principal balance of such obligation as of the Physical Redemption Date as a result of the occurrence or non-occurrence of an event or circumstance, the outstanding principal balance of such obligation shall not include such additional amount.

If Physical Redemption is applicable to the Fallback Redemption Method and if the Final Physical Redemption Date would otherwise be determined as a prescribed number of days or Business Days after the Credit Event Determination Date, the Final Physical Redemption Date shall instead be determined as such number of days or Business Days after the date on which the Calculation Agent determines that Physical Redemption became applicable.

Subject to the provisions relating to Fallback to Cash Redemption and subject to the Suspension Terms set out below, if the Notes have not been redeemed by delivery of the Portfolio in accordance with Part 1 of this Schedule on or prior to the Final Physical Redemption Date then the Cash Redemption Terms shall be deemed to apply and the Valuation Date and the Final Valuation Date for such purposes will be the date which is 3 Business Days after the Final Physical Redemption Date, the Valuation Obligations for such purposes shall be the Deliverable Obligations.

Fallback to Cash Redemption: If it is impossible or illegal for the Issuer to deliver or for any Noteholder to receive any Deliverable Obligations comprising the Portfolio in accordance with the Physical Redemption Terms, then the Issuer shall deliver that portion of such Deliverable Obligations which it is possible and legal to deliver with an explanation in writing of the reasons for non-delivery of the rest of the Deliverable Obligations (such remainder being the "Undelivered Portion"). If the impossibility or illegality continues for more than 30 days after the Physical Redemption Date (the "Final Delivery Date"), then the Cash Redemption Terms below shall apply with respect to the Undelivered Portion that cannot be delivered and the relevant Notes which have not been redeemed as a consequence, and the Valuation Date for such purposes will be the date which is 3 Business Days after the Final Delivery Date (such date, the "Fallback to Cash Redemption Valuation Date") and the Valuation Obligations for such purposes shall be the Deliverable Obligations comprising the Undelivered Portion. Where Fallback to Cash Redemption applies, the Final Valuation Date will be the later of (a) 135 Business Days after the Credit Event Determination Date and (b) the Fallback to Cash Redemption Valuation Date and the Cash Redemption Date will be the third Business Day following the determination of the Final Price.

Option for Cash Redemption: If the Condition to Settlement is satisfied and Physical Redemption is specified under Credit Event Redemption, the Issuer may elect (having notified the Noteholders (in so far as the

Issuer is aware of the identity of the Noteholders)) at any time prior to the delivery of a Notice of Physical Settlement, for Cash Redemption to apply instead and for Final Price to be determined, subject to the Suspension Terms set out below, pursuant to paragraph (a) of the definition of "Final Price" below. Where Option for Cash Redemption applies pursuant to this paragraph, the Valuation Obligations for such purposes shall be the Deliverable Obligations which would have otherwise been delivered and in respect of which a Notice of Valuation Obligations shall be given.

Cash Redemption Terms:

Cash Redemption:

If the Condition to Settlement is satisfied and any of (i) Cash Redemption is specified under Credit Event Redemption, (ii) Fallback to Cash Redemption is applicable, (iii) Option for Cash Redemption is applicable, (iv) Cash Redemption is deemed to take place under the terms relating to Physical Redemption or (v) Cash Redemption is applicable as the Fallback Redemption Method in accordance with the Auction Redemption Terms, redemption of the Notes (or, if Fallback to Cash Redemption applies, the relevant portion of the Notes as the case may be) shall, subject to the Suspension Terms set out below, take place by payment by the Issuer of the Cash Redemption Amount on the Cash Redemption Date.

Unless Fallback to Cash Redemption applies or Cash Redemption is deemed to take place under the terms relating to Physical Redemption and subject to the Suspension Terms set out below, the Issuer or its Nominee shall give to the Calculation Agent and the Noteholders 10 Business Days' prior notice (the "Notice of Valuation Obligations") of:-

A) a detailed description of the Deliverable Obligations and or cash that comprise the Valuation Portfolio;

~~A)~~B) the estimated aggregate outstanding principal balance of the Deliverable Obligations that are intended to be valued and the estimated outstanding principal balance of each such Deliverable Obligation; and

~~A)~~C) the date on which the Deliverable Obligations are to be valued (the "Valuation Date"), which date will not be later than the Final Valuation Date.

The Issuer or its Nominee may serve subsequent Notices of Valuation Obligations to change the Valuation Date and/or one or more of the Deliverable Obligations or the amount of cash specified in the Notice of Valuation Obligations and/or the detailed description thereof at any time on or prior to the tenth Business Day before the Final Valuation Date and the last Notice of Valuation Obligations served within this period shall override all previous such notices. The Issuer or its Nominee may correct any errors or inconsistencies in the detailed description of the Deliverable Obligations specified in the Notice of Valuation Obligations by notice to the Calculation Agent and the Noteholders prior to the applicable Valuation Date.

On the Valuation Date, the Calculation Agent shall commence determination of the Final Price using the Deliverable Obligations specified in the Notice of Valuation Obligations (or, if Fallback to Cash Redemption applies, using the Undelivered Portion only of the Deliverable Obligations specified in the Notice of Physical Settlement). These obligations are referred to below as "Valuation Obligations".

Cash Redemption Date:

Unless otherwise specified, (a) if the Cash Redemption Amount or the Final Price is not specified, subject to the Suspension Terms set out below, the date that is three Business Days (or such other number of days as may be specified) following the calculation of the Final Price and (b) if the Cash Redemption Amount or the Final Price is specified, subject to the Suspension Terms set out below, three Business Days (or such other number of days as may be specified) following the satisfaction of the Condition to Settlement (or, if Cash Redemption is applicable pursuant to the Fallback Settlement Method in the circumstances described in items (a) or (b) of Auction Redemption below, any Auction Cancellation Date or any No Auction Announcement Date, if later).

Cash Redemption Amount:

An amount equal to the aggregate outstanding principal balance (excluding accrued but unpaid interest) of the Valuation Portfolio (or in the case of Fallback to Cash Redemption the outstanding principal balance (excluding accrued but unpaid interest) of the Undelivered Portion) minus the Loss Amount, subject to a minimum of zero.

Unless Fallback to Cash Redemption applies if there is more than one Noteholder, each

Noteholder shall be paid its pro rata share of the Cash Redemption Amount. If Fallback to Cash Redemption applies and there is more than one Noteholder, the Calculation Agent shall determine in good faith the share, if any, of the Cash Redemption Amount to be paid to each Noteholder. If the Cash Redemption Amount is zero such amount shall be deemed to be paid on the Cash Redemption Date.

Loss Amount:	The aggregate, as calculated by the Calculation Agent, of the outstanding principal balance of each Valuation Obligation multiplied by (100% less the Final Price of such Valuation Obligation).
Final Price:	Means, subject to the provisions herein and unless otherwise specified, the price of the relevant Valuation Obligation, expressed as a percentage, determined in accordance with the Valuation Method.
Valuation Method:	Means the highest Quotation obtained by the Calculation Agent on the Valuation Date.
Quotations:	Means each Full Quotation or the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows: The Calculation Agent shall attempt to obtain Full Quotations on the Valuation Date from at least five Dealers; if at least two such Full Quotations are not available on the same Business Day within three Business Days of the Valuation Date, on the next following Business Day (and, if necessary, on each Business Day thereafter until the 15th Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers and, if at least two Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation within such period, the Calculation Agent shall determine the Final Price in its sole and absolute discretion (which, for the avoidance of doubt, may be zero). The Quotations shall exclude accrued but unpaid interest. All Quotations shall be requested in an amount equal to the outstanding principal balance of the relevant Valuation Obligation unless, in the sole and absolute discretion of the Calculation Agent, such an amount would not result in a commercially reasonable determination, in which case, the relevant Quotation shall be requested in an amount selected by the Calculation Agent in its sole and absolute discretion.
Full Quotation:	Means each firm bid quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for the relevant Valuation Obligation.
Weighted Average Quotation:	Means the weighted average of firm bid quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the relevant Valuation Obligation with an outstanding principal balance of as large a size as available that in the aggregate are approximately equal to the then outstanding principal balance of that obligation.
Valuation Time:	At or around 11:00am in the principal trading centre for the relevant Valuation Obligation.
Dealer:	Means a dealer in obligations of the type of Valuation Obligations for which Quotations are to be obtained, as selected by the Calculation Agent in its sole and absolute discretion.
Auction Redemption Terms:	
Auction Redemption:	If the Condition to Settlement is satisfied and Auction Redemption is specified under Credit Event Redemption and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, redemption of the Notes shall take place by payment by the Issuer of the Auction Redemption Amount on the Auction Redemption Date; provided that if there is more than one Noteholder, each Noteholder shall be paid its pro rata share of the Auction Redemption Amount. Without prejudice to the foregoing, but without duplication of redemption, if (a) an

	Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and, in circumstances where such No Auction Announcement Date occurs in the circumstances described in item (b) under No Auction Announcement Date below, the Issue or its Nominee has not exercised the Movement Option), (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in items (a) and (b) of the definition of Credit Event Resolution Request Date, (d) a Credit Event Determination Date was determined pursuant to clause (a) of Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date (or such longer period as may be determined by the Calculation Agent in its sole and absolute discretion) or (e) the Issuer elects (having notified the Noteholders (in so far as the Issuer is aware of the identity of the Noteholders)) that Cash Redemption shall apply instead (such election to be made at any time on or prior to the Business Day falling immediately prior to the Auction Final Price Determination Date), redemption of the Notes shall take place in accordance with the Fallback Redemption Method.
Fallback Redemption Method:	If Auction Redemption is specified under Credit Event Redemption and Cash Redemption is specified as the Fallback Redemption Method, Cash Redemption, otherwise, Physical Redemption.
Auction Redemption Date:	Unless otherwise specified, the date that is five Business Days (or such other number of days as may be specified) immediately following the Auction Final Price Determination Date.
Auction Redemption Amount:	An amount equal to the outstanding principal balance of the Notes minus the Auction Settlement Amount, subject to a minimum of zero.
Auction Settlement Amount:	An amount equal to the outstanding principal balance of the Notes multiplied by (100% less the Auction Final Price).
Auction Final Price Determination Date:	The day, if any, on which the Auction Final Price is determined with respect to the relevant Reference Entity.
Auction Final Price:	Has the meaning set out in the Transaction Auction Settlement Terms.
Credit Derivatives Auction Settlement Terms:	Any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules. The Calculation Agent shall be authorised to construe any Credit Derivatives Auction Settlement Terms (including any Transaction Auction Settlement Terms or Parallel Auction Settlement Terms) in such manner as it shall determine in its sole and absolute discretion to be necessary in order to give effect to the meaning of any word or expression used herein and which is defined by reference to such Credit Derivatives Auction Settlement Terms.
Transaction Auction Settlement Terms:	With respect to a Credit Event, the relevant Credit Derivatives Auction Settlement Terms, whether or not the Notes are covered by such Credit Derivatives Auction Settlement Terms; provided that the Calculation Agent determines in its sole and absolute discretion that (a) one or more of the obligations compliant with the relevant Deliverable Obligation Terms are substantially the same as one or more of the obligations compliant with the Deliverable Obligation Provisions and (b) if such Credit Event is a Restructuring for which either Restructuring Maturity Limitation and Fully Transferable Obligation or Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation is applicable, a credit derivatives transaction with the same tenor as the Notes would be covered by the relevant Credit Derivatives Auction Settlement Terms.
Parallel Auction Settlement Terms:	Following the occurrence of a Restructuring for which either Restructuring Maturity Limitation and Fully Transferable Obligation or Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation is applicable, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules if the Calculation Agent determines in its sole and absolute discretion that (a) one or more of the obligations compliant with the relevant Deliverable Obligation Terms are substantially the same as one or more of the obligations compliant with the Deliverable

	Obligation Provisions and (b) if such Credit Event is a Restructuring for which either Restructuring Maturity Limitation and Fully Transferable Obligation or Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation is applicable, a credit derivatives transaction with the same tenor as the Notes would not be covered by the relevant Credit Derivatives Auction Settlement Terms.
Credit Derivatives Determinations Committees:	The committees established by ISDA for the purposes of reaching certain DC Resolutions, as more fully described in the Credit Derivatives Determinations Committees Rules as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the "Rules").
DC Resolution:	Has the meaning given to that term in the Rules.
No Auction Announcement Date:	With respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring where either Restructuring Maturity Limitation and Fully Transferable Obligation is applicable or Modified Restructuring Limitation and Conditionally Transferable Obligation is applicable, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary. For the avoidance of doubt, a No Auction Announcement Date will not occur solely by reason of the Notes not being covered by any Credit Derivatives Auction Settlement Terms.
Auction Cancellation Date:	Has the meaning set out in the Transaction Auction Settlement Terms.
Movement Option:	Where either Restructuring Maturity Limitation and Fully Transferable Obligation or Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation is specified as applicable, and with respect to which a No Auction Announcement Date has occurred pursuant to item (b) of the definition of No Auction Announcement Date, the option of the Issuer to apply the Parallel Auction Settlement Terms so that the Notes may be redeemed by way of Auction Redemption for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that the Issuer could specify in any Notice of Physical Settlement (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If the Issuer or its Nominee does not deliver an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, the Notes will be redeemed in accordance with the Fallback Redemption Method.
Permissible Deliverable Obligations:	Has the meaning set out in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.
Movement Option Cut-off Date:	The date that is four Relevant City Business Days (as defined in the Rules) following the Exercise Cut-off Date.
Notice to Exercise Movement Option:	Where (a) either Restructuring Maturity Limitation and Fully Transferable Obligation or Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation is applicable and (b) the Fallback Settlement Method would otherwise be applicable pursuant to item (b) of the second paragraph under Auction Redemption above, a notice in writing from the Issuer or its Nominee to the Calculation Agent and the Noteholders that (i) specifies the Parallel Auction Settlement Terms which shall be applicable in accordance with the Issuer's exercise of the Movement Option and (ii) is dated on or prior to the Movement Option Cut-off Date.
Deliverable Obligation Terms:	Has the meaning set out in the relevant Credit Derivatives Auction Settlement Terms.
Deliverable Obligation Provisions:	The provisions of the Notes that specify the criteria for establishing what obligations may constitute Deliverable Obligations.
July 2009 Supplement:	The 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and

	Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published by ISDA on 14 July 2009).
ISDA:	The International Swaps and Derivatives Association, Inc..
Suspension Terms:	
Redemption Suspension:	If, following the determination of a Credit Event Determination Date in accordance with clause (a) of Credit Event Determination Date but prior to the Physical Redemption Date or, to the extent applicable, the Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in items (a) and (b) of Credit Event Resolution Request Date are satisfied in accordance with the Rules (as defined in the Auction Redemption Terms), the timing requirements of the Physical Redemption Terms or, as applicable, the Cash Redemption Terms or any other provision that pertains to settlement of the redemption of the Notes shall toll and remain suspended until such date (the "Suspension End Date") as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in items (a) and (b) of Credit Event Resolution Request Date or (b) not to determine such matters. Upon the occurrence of the relevant Suspension End Date, the relevant timing requirements of the Physical Redemption Terms or, as applicable, the Cash Redemption Terms or any other provision that pertains to settlement of the redemption of the Notes that have previously tolled or been suspended shall resume on the Business Day following such Suspension End Date.

Part 2: Credit Event Definitions:
See, as the case may be, definitions for bankruptcy, obligation acceleration, failure to pay, repudiation/moratorium, or restructuring, as defined in the termsheet for the Notes.

Related Credit Definitions:
Publicly Available Information means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium described in a Credit Event Notice or Repudiation/Moratorium Extension Notice as applicable has occurred and which:

(i) has been published in or on not less than two Public Sources regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Issuer or its Nominee or an affiliate of the Issuer or its Nominee is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer, or if applicable its Nominee, or an affiliate of the Issuer or its Nominee, as the case may be is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation;
(ii) is information received from or published by (A) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
(iii) is information contained in any petition or filing instituting a proceeding described in "Bankruptcy" against or by a Reference Entity; or
(iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information described above in sections (ii), (iii) and (iv), recipients may assume that such information has been disclosed to them without violating any law, agreement or understanding regarding the confidentiality of such information and that the Issuer or if applicable its Nominee has not taken any action or entered into any agreement or understanding with the Reference Entity or any affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.

Publicly Available Information need not state (i) in relation to Qualifying Affiliate Guarantees the percentage of Voting Shares owned directly or indirectly by the Reference Entity or (ii) that the relevant occurrence (A) has met the Payment or Default Requirement, (B) is the result of exceeding any applicable Grace Period or (C) has met the subjective criteria specified in certain Credit Events.

If the Issuer or if applicable its Nominee or an affiliate of the Issuer or if applicable its Nominee is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent facility agent or agent bank for an Obligation and (ii) a holder of the Obligations with respect to which a Credit Event has occurred, the Issuer or if applicable its Nominee shall be required to deliver a certificate signed by a Managing Director (or other substantively equivalent title), certifying the occurrence of a Credit Event with respect to a Reference Entity.

Public Source means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and Australian Financial Review (and any successor publications), the main source(s) of business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources.

Part 3: Successor Provisions:

Successor means:
(a) in relation to a Reference Entity that is not a Sovereign, either:

(A) the entity or entities, if any, determined as set forth below:

(i) If one entity directly or indirectly succeeds to 75% or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

~~(i)~~(ii) If only one entity directly or indirectly succeeds to more than 25% (but less than 75%) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25% of the Relevant Obligations will be the sole Successor;

~~(i)~~(iii) If more than one entity each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25% of the Relevant Obligations will each be a Successor, and the Notes will be amended as described below;

~~(i)~~(iv) If one or more entities each directly or indirectly succeeds to more than 25% of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25% of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be Successors, and the Notes will be amended as described below;

~~(i)~~(v) If one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Notes will not be changed in any way as a result of the Succession Event; and

~~(i)~~(vi) If one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25% of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations) of the Reference Entity will be the sole Successor; or

(B) any Successor to a Reference Entity in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules (as defined in the Auction Redemption Terms); and

(b) in relation to a Sovereign Reference Entity, means either:

(A) any direct or indirect successor to that Reference Entity by way of Succession Event irrespective of whether such successor assumes any of the obligations of such Reference Entity; or

(B) any Successor to a Reference Entity in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules (as defined in the Auction Redemption Terms); and

The Calculation Agent will, in relation to clause (a)(A) of this definition of Successor, be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under sub-section (vi) above, as applicable; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in clause (a)(A) of this definition of Successor and clauses (a) and (b)(A) of Succession Event Resolution Request

Date are satisfied in accordance with the Rules (as defined in the Auction Redemption Terms) (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under sub-section (vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

For the purposes of this section, "succeed" means with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for such Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to this section (a) shall be made in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of such Bonds for which Relevant Obligations have been exchanged.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under clause (b) of this definition of Successor; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in clause (b) of this definition of Successor and clauses (a) and (b)(B) of Succession Event Resolution Request Date are satisfied in accordance with the Rules (as defined in the Auction Redemption Terms) (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred.

Where, pursuant to sub-section (iii) or (iv) of clause (a)(A) of this definition of Successor, more than one Successor has been identified, the Notes will be amended without the consent of Noteholders to reflect the following terms:

(i) Each Successor will be a Reference Entity and more than one Credit Event may occur during the term of the Notes but, subject to the provisions relating to Multiple Credit Event Notices, once only in relation to each Successor; and

~~(i)~~(ii) All other terms and conditions of the original Notes will remain unaffected except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Notes in the amended Notes.

Succession Event means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by way of operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (as defined in the July 2009 Supplement) determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity).

Relevant Obligations means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to which such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

Best Available Information means (i) in the case of a Reference Entity which files information with its primary securities regulators or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of these provisions, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulators, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to determine Successors. Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

Succession Event Backstop Date means (A) for purposes of any event that constitutes a Succession Event as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)) or (B) otherwise, the date that is 90 calendar days prior to the earlier of (I) the date on which the Succession Event Notice is effective and (II) in circumstances where (1) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in items (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (as defined in the Auction Redemption Terms), (2) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (3) the Succession Event Notice is delivered by the Issuer or its Nominee not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

Succession Event Notice means a notice from the Issuer or its Nominee to the Calculation Agent and the Noteholders that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (unless otherwise specified or the Calculation Agent determines that Tokyo time is the market convention with respect to the relevant Reference Entity)).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

Succession Event Resolution Request Date means, with respect to a notice to ISDA, delivered in accordance with the Rules (as defined in the Auction Redemption Terms), requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

(a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and

(b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

Part 4: Obligation and Deliverable Obligation Categories and Characteristics:

Assignable Loan means a Loan that is capable of being assigned or novated to at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent.

Borrowed Money means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include; without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

Bond means any obligation in respect of Borrowed Money that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security.

Bond or Loan means any obligation that is either a Bond or a Loan.

Consent Required Loan means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent.

Deliverable Obligation means subject to Part 5 (C) and (D) (a) of this Schedule any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee, or if All Guarantees are applicable, as the provider of a Qualifying Guarantee) described by the Deliverable Obligation Category and having each of the relevant Deliverable Obligation Characteristics as of the Physical Redemption Date or applicable Valuation Date, as the case may be, and that (i) is payable in an amount equal to its outstanding principal balance and (ii) is not subject to any counterclaim, defence (other than a counterclaim or defense based on the factors set forth in the second sentence of the definition of "Credit Event" set out in Part 2 of this Schedule) or right of set off by or of a Reference Entity or any applicable Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee is capable at the Physical Redemption Date or applicable Valuation Date, as the case may be, of immediate assertion or demand by or on behalf of the holder(s) against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being delivered or valued apart from the giving of any notice of non-payment or similar procedural requirement it being understood that acceleration of the Underlying Obligation shall not be considered a procedural requirement or (b) any Reference Obligation. If a Reference Obligation is specified, the Reference Obligation is always a Deliverable Obligation, regardless of whether it is described by the Deliverable Obligation Category or has each of the applicable the Deliverable Obligation Characteristics but subject always to the last sentence of the definition of Not Contingent below.

For Deliverable Obligations denominated in currencies other than the currency of the Notes, the Calculation Agent shall determine their outstanding principal balance (i) in USD by reference to the Federal Reserve Bank of New York 10:00 am (New York time) mid point rate as displayed on Reuters Page FEDSPOT on the date of the Notice of Physical Settlement or Notice of Valuation Obligations (or, if the Notice of Physical Settlement or Notice of Valuation Obligations is changed, the date notice of the last such change is given), (ii) in EURO by reference to the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 pm (London time) on the date of the Notice of Physical Settlement or Notice of Valuation Obligations (or, if the Notice of Physical Settlement or Notice of Valuation Obligations is changed, the date notice of the last such change is given), or (iii) or if the currency of the Notes is not USD or EUR, in any other commercially reasonable manner as determined by the Calculation Agent.

Domestic Currency means the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

Downstream Affiliate and Voting Shares (a) "Downstream Affiliate" means an entity whose outstanding Voting Shares were at the date of issuance of the Qualifying Guarantee more than 50 percent owned, directly or indirectly, by the Reference Entity; (b) "Voting Shares" shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

Due and Payable Amount means the amount that is due and payable under (or in accordance with the terms of) a Deliverable Obligation on the Delivery Date or the Valuation Date, as the case may be, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

Governmental Authority means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

Loan means any obligation in respect of Borrowed Money that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement.

Maximum Maturity means an obligation that has a remaining maturity from the Physical Redemption Date, or Cash Redemption Date as applicable, of not greater than the period specified in the Deliverable Obligation Characteristics section.

Obligation: means (i) any obligation of the Reference Entity (either directly or as the provider of a Qualifying Affiliate Guarantee, or if All Guarantees are applicable, as provider of a Qualifying Guarantee) described by the Obligation Category and having each of the relevant Obligation Characteristics (if any) in each case as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, and (ii) any Reference Obligation. If a Reference Obligation is specified, the Reference Obligation is always an Obligation, regardless of whether it is described by the Obligation Category or has each of the applicable Obligation Characteristics (if any).

Not Bearer means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system.

Not Contingent means any obligation having as of the Physical Redemption Date or applicable Valuation Date, as the case may be, and at all times thereafter an outstanding principal balance or in the case of such obligations that are not Borrowed Money a Due and Payable Amount that pursuant to the terms of the obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Deliverable Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence as long as, in the case of a Convertible Obligation or an Exchangeable Obligation the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Physical Redemption Date or applicable Valuation Date, as the case may be. If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Physical Redemption Date or applicable Valuation Date, as the case may be.

Not Domestic Issuance means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether it is also registered and qualified for sale within the domestic market of the Reference Entity) shall be deemed to be not intended for sale primarily in the domestic market of the Reference Entity.

Not Domestic Currency means is payable in any currency other than the Domestic Currency.

Not Domestic Law means is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (B) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

Not Sovereign Lender means is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt".

Not Subordinated means an obligation of the relevant Reference Entity that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if a Substitution Event (as defined under Reference Obligation) has occurred with respect to all of the Reference Obligations (each, a "Prior Reference Obligation") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the Not Subordinated Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, Not Subordinated shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the Not Subordinated Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred, and shall not reflect any change to such ranking in priority of payment after such date.

Subordination means with respect to an obligation (the "Subordinated Obligation") and another obligation of the Reference Entity to which such obligation is being compared (the "Senior Obligation"), a contractual trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity claims of the holders of the Senior Obligation will be satisfied prior to the claims of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "Subordinated" will be construed accordingly. For the purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is Sovereign.

outstanding principal balance in the context of Deliverable Obligation or Valuation Obligation means the principal amount of the Deliverable Obligation or Valuation Obligation as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim against the issuer of the relevant Deliverable Obligation or Valuation Obligation in respect of principal and (B) the Physical Redemption Date or applicable Valuation Date, as the case may be; provided

that
(i) with respect to any Accreting Obligation the outstanding principal balance is the Accreted Amount, and
(ii) with respect to any Exchangeable Obligation that is not an Accreting Obligation, the outstanding principal balance shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Payment means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

Permitted Currency means (i) any of the Standard Specified Currencies; or (ii) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (iii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investor Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

Qualifying Guarantee means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "Underlying Obligation") for which another party is the obligor (the "Underlying Obligor"). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation.
(i) For the purposes of applying the Obligation Category and the Deliverable Obligation Category the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.

(ii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics:

a) both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date Obligation Characteristics or the Deliverable Obligation Characteristics from the following list, if applicable:

Not Subordinated
Specified Currency
Not Sovereign Lender
Not Domestic Currency
Not Domestic Law.

For these purposes the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America or the euro shall not be a Domestic Currency and the laws of England and the laws of the State of New York shall not be a Domestic Law.

b) Underlying Obligation must satisfy on the relevant date each of the relevant Obligation Characteristics or the Deliverable Obligation Characteristics from the following list, if applicable:-

Not Contingent
Not Domestic Issuance
Assignable Loan
Consent Required Loan
Transferable
Maximum Maturity
Not Bearer.

(iii) For the purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation references to the Reference Entity shall be deemed to be references to the Underlying Obligor.

(iv) The terms "outstanding principal balance" and "Due and Payable Amount" when used in connection with Qualifying Guarantees are to be interpreted to be the "outstanding principal balance" and "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

Qualifying Affiliate Guarantee means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

Reference Obligation means the obligation specified. If, in the opinion of the Calculation Agent (i) the Reference Obligation is redeemed in whole or (ii) (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) the Reference Obligation is an obligation guaranteed by a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the guarantee of that Reference Entity is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event (each a "Substitution Event"), any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation (the "Substitute Reference Obligation"). For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN or other similar identifier will not, in and of itself, convert such Obligation into a different Obligation.

Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation either (a) determined by the Calculation Agent) that (i) ranks pari passu in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the Issuer in respect of the Notes and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is applicable, as provider of a Qualifying Guarantee) or (b) which ISDA publicly announces on or following the Trade Date that the Credit Derivatives Determinations Committee has Resolved is a Substitute Reference Obligation in respect of a Reference Obligation in accordance with the Rules (as defined in the Auction Redemption Terms). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.

If a Substitution Event has occurred with respect to the Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Scheduled Maturity Date (subject, if applicable to Potential Credit Event Extension, Grace Period Extension and/or Repudiation/Moratorium Extension).

Sovereign means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

Sovereign Agency means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

Specified Currency means an obligation that is payable in the currency or currencies specified.

Standard Specified Currencies means the lawful currencies of any of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro (and any successor currency to any of the aforementioned currencies).

Supranational Organisation means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

Transferable means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions: (A) contractual statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds.

Part 5: Restructuring:

A) Multiple Holder

If Multiple Holder Obligation is specified as applicable despite anything to the contrary in the provisions of the definition of Restructuring, the occurrence of, agreement to, or announcement of, any of the events described in (a)(i) to (v) of the definition of Restructuring shall not be a Restructuring if the Obligation in respect of any such events is not a Multiple Holder Obligation.

Multiple Holder Obligation means an Obligation that (i) at the time the Credit Event Notice is delivered, is held by more than three holders that are not affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which would otherwise constitute a 'Restructuring' Credit Event. Any Obligation that is a Bond shall be deemed to satisfy the requirement of sub-section (ii) of this definition of Multiple Holder Obligation.

B) Multiple Credit Event Notices

If Multiple Credit Event Notices are applicable upon the occurrence of a Restructuring for which either Restructuring Maturity Limitation and Fully Transferable Obligation is applicable or Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation is applicable:-

(i) The Issuer or its Nominee may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth the portion of the outstanding nominal amount of the Notes to which such Credit Event Notice applies (the "Exercise Amount") provided that if the Credit Event Notice does not specify an Exercise Amount, then the outstanding nominal amount of the Notes (and not a portion thereof) will be deemed to have been specified as the Exercise Amount;

(ii) If the Issuer or its Nominee has delivered a Credit Event Notice that specifies an Exercise Amount that is less than the then outstanding nominal amount of the Notes and only one Reference Entity is specified for the Notes, the conditions shall, with effect from the date such Credit Event Notice is effective, be construed as if the Notes comprised two Series of Notes, one of which has an Aggregate Nominal Amount equal to the Exercise Amount and will be redeemed in accordance with the Physical Redemption Terms or the Cash Redemption Terms or the Auction Redemption Terms, as applicable, and the other of which will have an Aggregate Nominal Amount equal to the nominal amount of the Notes outstanding prior to such Credit Event Notice minus the Exercise Amount and will continue in effect (subject to any adjustments required to preserve the effects of the original Notes as determined by the Calculation Agent);

(iii) Unless more than one Reference Entity is specified for the Notes the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding nominal amount of the Notes (and not a portion thereof); and

(iv) Unless more than one Reference Entity is specified for the Notes the Exercise Amount in connection with a Credit Event Notice describing a Restructuring must be in the amount of 1,000,000 units of the currency (or if Japanese Yen 100,000,000 units) in which the Aggregate Nominal Amount is denominated or an integral multiple thereof.

C) Restructuring Maturity Limitation and Fully Transferable Obligation

If Restructuring Maturity Limitation and Fully Transferable Obligation are applicable (or if Physical Redemption is applicable as the Fallback Redemption Method in accordance with the Auction Redemption Terms and Restructuring Maturity Limitation and Fully Transferable Obligation are applicable) and Restructuring is the only Credit Event specified in the Credit Event Notice, then a Deliverable Obligation may only be delivered or used as a Valuation Obligation on a Cash Redemption if (i) it is a Fully Transferable Obligation and (ii) it has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

Fully Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for these purposes.

For purposes of determining whether a Deliverable Obligation is Transferable or is capable of being assigned or novated to Eligible Transferees, such determination shall be made as of the Physical Redemption Date or Valuation Date, as applicable, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "Latest Maturity Restructured Bond or Loan") and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Maturity Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

Restructuring Date means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Restructured Bond or Loan means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

Eligible Transferee means:
(a) any

(i) bank or other financial institution;

(ii) insurance or reinsurance company;

(iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (c)(i) below); and

(iv) registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least U.S.$500,000,000;

(b) an affiliate of an entity specified in the preceding clause (a);

(c) each of a corporation, partnership, proprietorship, organisation, trust or other entity

(i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.$100,000,000 or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.$100,000,000; or

(ii) that has total assets of at least U.S.$500,000,000; or

(iii) the obligations of which under an agreement, contract, or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in clauses (a), (b), (c)(ii) or (d); and

(d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to U.S.$ include equivalent amounts in other currencies.

D) Modified Restructuring Maturity Limitation Date

If Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation are applicable (or if Physical Redemption is applicable as the Fallback Redemption Method in accordance with the Auction Redemption Terms and Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable is applicable) and Restructuring is the only Credit Event specified in the Credit Event Notice, then a Deliverable Obligation may only be delivered or used as a Valuation Obligation on a Cash Redemption if (i) it is a Conditionally Transferable Obligation and (ii) it has a final maturity date not later than the Modified Restructuring Maturity Limitation Date.

Conditionally Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds provided however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent cannot be unreasonably withheld or delayed. Any requirement that notification or novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for these purposes.

For purposes of determining whether a Deliverable Obligation is Transferable or is capable of being assigned or novated to Modified Eligible Transferees, such determination shall be made as of the Physical Redemption Date or Valuation Date, as applicable, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

Modified Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation are applicable and if the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

Modified Eligible Transferee means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making purchasing or investing in loans securities and other financial assets.

E) Sovereign Restructured Deliverable Obligation

Solely in respect of a Restructuring Credit Event applicable to a Sovereign Reference Entity, Deliverable Obligation means any Sovereign Restructured Deliverable Obligation that is (i) payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable (ii) is not subject to any counterclaim or defence (other than a counterclaim or defence based on the factors set forth in the second sentence of the definition of "Credit Events" set out in Part 2 of this Schedule) or right of set off by or of such Sovereign Reference Entity or as applicable an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than an Qualifying Affiliate Guarantee, capable as of the Physical Redemption Date or the Valuation Date as applicable of immediate assertion or demand by or on behalf of the holder or holders against such Sovereign Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being delivered or valued apart from the giving of any notice of non-payment or similar procedural requirement it being understood that acceleration of the Underlying Obligation shall not be considered a procedural requirement.

Sovereign Restructured Deliverable Obligation means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring Credit Event that is the subject of a Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category and having the Deliverable Obligation Characteristics in each case immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

F) General Terms Relating to Restructuring Maturity Limitation Date and Modified Restructuring Maturity Limitation Date.

Enabling Obligation means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or, in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

Limitation Date means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "2.5-year Limitation Date"), 5 years (the "5-year Limitation Date"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "20-year Limitation Date"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

Restructured Bond or Loan means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

Restructuring Date means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Part 6: Convertible, Exchangeable or Accreting Obligation provisions:

Accreting Obligation means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable. Outstanding principal balance with respect to any Accreting Obligation means the Accreted Amount thereof.

Accreted Amount means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in clause (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Physical Redemption Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall exclude any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent). If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Physical Redemption Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Convertible Obligation means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

Exchangeable Obligations means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of the obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, the outstanding principal balance thereof shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Equity Securities means (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

Part 7 Other provisions
Redemption following Breach of Selling Restrictions:

If applicable and the Notes are sold to any person in breach of any applicable restrictions on sale of securities, the Issuer may, in its sole and absolute discretion, choose to redeem the Notes sold to that person at the Sale Restriction Redemption Amount at any time upon notice to the Noteholders (the "Sale Restriction Redemption Date") and no further amounts will be due to Noteholders after payment of the Sale Restriction Redemption Amount. The "Sale Restriction Redemption Amount" is the fair market value of the relevant Notes (including any accrued interest) on the fifth Business Day before the Sale Restriction Redemption Date, less any loss of bargain and cost of funding incurred by the Issuer, all as determined by the Calculation Agent in its sole and absolute discretion.

Tax Redemption:

If applicable and the Issuer is required to pay Additional Amounts, the Issuer may redeem the Notes at the Tax Redemption Amount at any time upon notice to the Noteholders (the "Tax Redemption Date") and no further amounts will be due to Noteholders after payment of the Tax Redemption Amount. The "Tax Redemption Amount" is the fair market value of the Notes (including any accrued interest) on the fifth Business Day before the Tax Redemption Date, less any loss of bargain and cost of funding incurred by the Issuer, all as determined by the Calculation Agent in its sole and absolute discretion.

Redemption following Reference Entity becoming Noteholder:

If at any time the Issuer becomes aware that any Noteholder is a Reference Entity, the Issuer may, in its sole and absolute discretion, choose to redeem the Notes of that Noteholder at the Noteholder Reference Entity Redemption Amount at any time upon notice to such Noteholder (the "Noteholder Reference Entity Redemption Date") and no further amounts will be due to such Noteholder after payment of the Noteholder Reference Entity Redemption Amount. The "Noteholder Reference Entity Redemption Amount" is the fair market value of the relevant Notes (including any accrued interest) on the fifth Business Day before the Noteholder Reference Entity Redemption Date, less any loss of bargain and cost of funding incurred by the Issuer, all as determined by the Calculation Agent in its sole and absolute discretion.

Neither the Issuer nor any of its affiliates shall be responsible for monitoring the identity of each Noteholder from time to time for the purpose of enabling the Issuer to exercise its rights hereunder or otherwise.

Part 8 Additional Provisions relating to Monoline Reference Entities

The following additional terms shall apply to any Reference Entity identified as a "Monoline".

(a) Qualifying Policy. "Qualifying Policy" means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments (as defined below) of an instrument that constitutes Borrowed Money (modified as set forth below) (the "Insured Instrument") for which another party (including a special purpose entity or trust) is the obligor (the "Insured Obligor"). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the delivery of the Insured Instrument.

"Instrument Payments" means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in paragraph (d) below and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

"Certificate Balance" means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

(b) Obligation and Deliverable Obligation. The definitions of "Obligation" and "Deliverable Obligation" and in Part 4 above are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".

(c) Interpretation of Provisions. In the event that an Obligation, a Deliverable Obligation or a Valuation Obligation is a Qualifying Policy, the terms of paragraphs (i) to (iv) of the definition of "Qualifying Guarantee" in Part 4 will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:

(i) the terms "Borrowed Money" and "Bond" defined in Part 4 above shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" shall be construed accordingly;

(ii) references in the definitions of "Assignable Loan" and "Consent Required Loan" in Part 4 above to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively;

(iii) if "Assignable Loan", "Consent Required Loan", or "Transferable" are specified as Deliverable Obligation Characteristics applicable to the Reference Entity to which these additional terms are applied and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and

(iv) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "outstanding principal balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

(d) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By incorporating this provision in a document, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.

(e) Deliver. The term "deliver" with respect to an obligation that is a Qualifying Policy means to deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognized custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "delivery" and "delivered" will be construed accordingly.

(f) Provisions for Determining a Successor. The definition of "succeed" in Part 3 above is hereby amended by adding "or insurer" after "or guarantor".

(g) Substitute Reference Obligation. The definition of Reference Obligation in Part 4 above is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee" in the definition of Substitute Reference Obligation and in the paragraph following that definition. References in the definition of Substitute Reference Obligation to the Qualifying Guarantee and the Underlying Obligation shall be deemed to include the Qualifying Policy and the Insured Instrument, respectively.

(h) Restructuring.

(i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i) to (v) of clause (a) of the definition of Restructuring are amended to read as follows:

(i) a reduction in the rate or amount of the Instrument Payments described in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;

(ii) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;

(iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;

(iv) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments;

or

(v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.

(ii) The definition of "Restructuring" is amended by adding to paragraph (iii) of clause (b) "or, in the case of Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".

(iii) The definition of "Restructuring" is amended by the insertion of clause (d) as follows:

For purposes of clauses (a) and (b) of the definition of "Restructuring" and the definition of Multiple Holder Obligation the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in clause (a) of the definition of Restructuring shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in clause (b) of the definition of Restructuring shall continue to refer to the Reference Entity.

(i) Fully Transferable Obligation and Conditionally Transferable Obligation. In the event that a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in the first paragraph of each of clauses (C) and (D) in Part 5 and the definition of Restructuring Maturity Limitation Date, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

(j) Other Provisions. For purposes of paragraph (ii) of the definition of "Deliverable Obligation" in Part 4 above, the definition of "Credit Event" in Part 2, delivery under Part 1 and the Additional Disclosures or risk factors specified in the applicable termsheet, offering document or document constituting the terms and conditions of the Notes, as the case may be, references to the Underlying Obligation and the Underlying Obligor shall be deemed to include Insured Instruments and the Insured Obligor, respectively. Any transfer or similar fee reasonably incurred by the Issuer or its Nominee in connection with the delivery of a Qualifying Policy and payable to the Reference Entity shall be payable by the Issuer or its Nominee.

5. Further Terms and Conditions

5.1 Status of the Notes/Classification

The Notes 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 Notes 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 Notes are not eligible for the specific investor protection under the CISA.

5.2 Form of Securities

The Notes may be issued in the form of bearer Notes (including global Notes pursuant to article 973b of the Swiss Federal Code of Obligations (CO)) or in uncertificated form as uncertificated securities (Wertrechte) pursuant to article 973c CO, as specified in the relevant Final Terms.

Global Notes will be deposited with and uncertificated securities will be entered into the main register (Hauptregister) of SIX SIS AG, the Swiss Securities Service Corporation in Olten (SIS) in accordance with the Swiss Federal Act on Intermediated Securities (FISA). Once deposited or registered with SIS and booked into the accounts of one ore more participants of SIS, the global Notes or the uncertificated securities will constitute intermediated securities (Bucheffekten) in accordance with the provisions of the FISA. The Issuer reserves the right to select any other clearing system or any other common depositary, including UBS AG, eligible for the role of an intermediary pursuant to article 4 FISA, for the purpose of depositing global Notes or registering uncertificated securities.

As long as the Notes are intermediated securities, the Notes are transferred and otherwise disposed of in accordance with the provisions of the FISA, i.e. by entry of the transferred Notes in a securities account of the transferee. As long as the Notes are intermediated securities, the holders of the Notes will be the persons holding the Notes in a securities account in their own name and for their own account.

The holders of the Notes shall at no time have the right to effect or demand the conversion of the uncertificated securities (Wertrechte) into, or the delivery of a global note (Globalurkunde) or definitive Notes (Wertpapiere).

5.3 Adjustments

The scheduled Expiration Date and Time or any other date specified on the Final Terms may become subject to adjustments.

If a date would otherwise fall on a day that is not a Business Day, such date will be the first following day that is a Business Day. In case an Expiration Date and Time is postponed, the Redemption Date will be postponed accordingly.

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.

5.4 Price Source Disruption Event

It may become impossible to obtain the relevant rate or price of the Underlying, as specified in the Final Terms during the lifetime of the Note and/or on the Expiration Date and Time due to one or more of the rate/price sources normally used in the relevant market for the Underlying being unavailable because an unscheduled bank closure is declared on short notice in the relevant country or due to the occurrence of any other disruption (each a ''Price Source Disruption Event''). The Calculation Agent will determine in good faith whether a Price Source Disruption Event has occurred.

A Price Disruption Event may lead to (i) a postponement of the Expiration Date and Time and therefore the redemption payment, (ii) to the use of an alternative source for the relevant exchange rate and or (iii) to the unilateral determination of the applicable exchange rate by the Calculation Agent.

Such postponement, use of alternative price source and/or determination of the applicable exchange rate by the Calculation Agent may affect, materially or otherwise, the Redemption Amount which the Investor will receive.

5.5 Settlement Disruption Event

5.5.1 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.

5.5.2 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, nonetheless 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 Notes.

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 Notes.

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.

5.6 Listing

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

5.7 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 Notes.

The Issuer may redeem all Notes 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'.

5.8 Further Issues and reduction of Issue Size

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

The Issuer my at any time purchase Notes in the market, at any price and for any purpose. Such Notes may be held, reissued, resold or at the option of the Issuer cancelled.

5.9 Severability and Amendment

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.

5.10 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.

5.11 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 Notes 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 Notes, 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 Notes guaranteed by the Issuer.

If such substitution occurs, then any reference in the Notes 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.

5.12 Illegality

If the Issuer determines that the performance of its obligations under the Notes 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 Notes by providing notice to Investors in accordance with the section headed 'Notices'.

If the Issuer cancels the Notes then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Investor in respect of each Note held by an Investor. The amount shall be the fair market value of a Note 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'.

5.13 Notices

5.13.1 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.

5.13.2 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 Notes shall be published on the internet at www.ubs.com/keyinvest.

5.14 Statutory Period of Limitation

In accordance with Swiss law, claims of any kind against the Issuer in connection with the Notes 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 Notes (whichever is applicable), has become due.

5.15 Proceeds from the Sale of Notes

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

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

5.16 Applicable Law and Jurisdiction

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

Description of UBS AG

based on the second quarter 2011 report

UBS

Table of Contents

1. Overview

UBS AG with its subsidiaries (UBS AG also "Issuer" or "Company"; together with its subsidiaries "UBS Group", "Group" or "UBS") draws on its 150-year heritage to serve private, institutional and corporate clients worldwide, as well as retail clients in Switzerland. UBS combines its wealth management, investment banking and asset management businesses with its Swiss operations to deliver superior financial solutions. Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers.

On 30 June 2011 UBS's BIS Tier1[1] ratio was 18.1%, invested assets stood at CHF 2,069 billion, equity attributable to UBS shareholders was CHF 47,263 million and market capitalization was CHF 58,745 million. On the same date, UBS employed 65,707 people[2].

The rating agencies Standard & Poor's ("Standard & Poor's"), Fitch Ratings ("Fitch") and Moody's ("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 has long-term senior debt ratings of A+ (outlook stable) from Standard & Poor's, Aa3 (outlook negative) from Moody's and A+ (outlook stable) from Fitch.

[1] BIS Tier 1 ratio is the ratio of eligible Tier 1 capital to BIS risk-weighted assets, calculated under Basel II standards. Eligible Tier 1 capital comprises paid-in share capital, share premium, retained earnings including current year profit, foreign currency translation, trust preferred securities (innovative and non-innovative capital instruments) and non-controlling interests, less deductions for treasury shares and own shares, goodwill and intangibles and other deduction items such as for certain securitization exposures. It excludes own credit effects on liabilities designated at fair value, which are reversed for capital purposes.

[2] Full-time equivalents.

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.

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

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

The addresses and telephone numbers of UBS AG's two registered offices and principal places of business are: Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, telephone +41 44 234 1111; and Aeschenvorstadt 1, CH-4051 Basel, Switzerland, telephone +41 61 288 5050.

3. Business Overview

3.1 Business Divisions and Corporate Center

UBS operates as a group with four business divisions (Wealth Management & Swiss Bank, Wealth Management Americas, Global Asset Management and the Investment Bank) and a Corporate Center. Each of the business divisions and the Corporate Center are described below. A full description of their businesses, strategies and clients, organizational structures, products and services can be found in the Annual Report 2010 of UBS AG published on 15 March 2011 (the "Annual Report 2010"), on pages 71–111 (inclusive) of the English version.

3.1.1 Wealth Management & Swiss Bank

Wealth Management & Swiss Bank focuses on delivering comprehensive financial services to high net worth and ultra high net worth individuals around the world - except to those served by Wealth Management Americas - as well as private and corporate clients in Switzerland. The Wealth Management business unit provides clients in over 40 countries, including Switzerland, with financial advice, products and tools to fit their individual needs. The Retail & Corporate business unit provides individual and business clients with an array of banking services, such as deposits and lending, and maintains, in its own opinion, a leading position across its clients segments in Switzerland.

3.1.2 Wealth Management Americas

Wealth Management Americas provides advice-based solutions through financial advisors who deliver a fully integrated set of products and services specifically designed to address the needs of ultra high net worth, high net worth and core affluent individuals and families. It includes the domestic United States business, 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, a large-scale asset manager with businesses diversified across regions, capabilities and distribution channels. It offers investment capabilities and styles across all major traditional and alternative asset classes including equities, fixed income, currency, hedge fund, real estate and infrastructure that can also be combined in multi-asset strategies. The fund services unit provides professional services, including legal fund set-up, accounting and reporting for traditional investments funds and alternative funds.

3.1.4 Investment Bank

The Investment Bank provides securities and other financial products and research in equities, fixed income, rates, foreign exchange and commodities. It also provides advisory services and access to the world's capital markets for corporate and institutional clients, sovereign and governmental bodies, financial intermediaries, alternative asset managers and private investors.

3.1.5 Corporate Center

The Corporate Center provides and manages support and control functions for the Group in such areas as risk control, finance, legal and compliance, funding, capital and balance sheet management, management of non-trading risk, communication and branding, human resources, information technology, real estate, procurement, corporate development and service centers. Most costs and personnel of the Corporate Center are allocated to the business divisions.

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.

The parent bank structure 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 operate via the parent, due to local legal, tax or regulatory provisions, or where additional legal entities join the Group through acquisition, the business is operated on location by legally independent Group companies. UBS AG's significant subsidiaries are listed in the Annual Report 2010, on pages 362-364 (inclusive) of the English version.

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 26 July 2011, UBS published its second quarter 2011 report and reported a net profit attributable to UBS shareholders for the second quarter of 2011 of CHF 1,015 million, compared with CHF 1,807 million in the first quarter of 2011. Revenues for the Group were CHF 7.2 billion compared with CHF 8.3 billion in the first quarter. The result reflects, in particular, lower levels of client activity and weak trading performance in UBS's Fixed Income, Currencies and Commodities ("FICC") business. Operating expenses were down for the Group as a whole, partly as a result of currency movements and lower personnel-related expenses. Moreover, UBS recorded a tax expense of CHF 377 million in the second quarter of 2011.

Risk weighted assets ("RWA") were CHF 206 billion on a Basel II basis, broadly in line with the level recorded at the end of the first quarter. Based on 30 June 2011 exposures, UBS's BIS RWA calculated under the enhanced Basel II framework (commonly referred to as Basel 2.5)[3] were CHF 278.2 billion, CHF 72.0 billion higher than under the standard Basel II framework. The increased RWA is composed of a new incremental risk charge which accounts for default and rating

[3] In line with the BIS transition requirement, the impact of the enhanced Basel II market risk framework will be included in the financial statements disclosures as of 31 December 2011.

migration risk of trading book positions (CHF 34.8 billion of RWA), an additional stressed value-at-risk (VaR) requirement taking into account a one year observation period relating to significant losses (CHF 33.2 billion of RWA), a comprehensive risk measure requirement (CHF 10.3 billion of RWA) and a revised requirement for securitization positions held for trading that will attract banking book capital charges as well as higher risk weights for re-securitization exposures (CHF 6.5 billion of RWA), to better reflect the inherent risk in these products. These increases were partially offset by a RWA relief in VaR of CHF 12.7 billion. Furthermore, UBS's BIS tier 1 capital calculated under the enhanced Basel II framework was CHF 0.7 billion lower than under the standard Basel II framework and UBS's BIS total capital was lower by CHF 1.4 billion. As a result, UBS's pro forma BIS tier 1 capital ratio including the effects of the enhanced Basel II market risk framework was 13.2%, UBS's BIS core tier 1 capital ratio was 11.7% and UBS's BIS total capital ratio stood at 13.9%.

At the close of the second quarter, UBS's balance sheet stood at CHF 1,237 billion, a decrease of CHF 55 billion on the first quarter, mainly as a result of currency movements.

UBS's Basel II tier 1 capital ratio stood at 18.1% at the end of the quarter. UBS's FINMA leverage ratio for second quarter 2011 improved to 4.8%, compared with 4.6% in the first quarter of 2011 as a result from an increase in FINMA tier 1 capital and a decrease in total adjusted assets.

Net new money inflows for the Group were CHF 8.7 billion in the second quarter of 2011 as clients continued to entrust UBS more of their assets, albeit at lower levels than in the first quarter. Wealth Management achieved net new money inflows of CHF 5.6 billion, primarily from its strategic growth areas of the Asia Pacific region, the emerging markets and in the ultra high net worth client segment. Net new money inflows in the second quarter of 2011 were CHF 2.6 billion for Wealth Management Americas, mainly as a result of UBS's success in recruiting new financial advisors, and CHF 1.1 billion for Global Asset Management (compared with net inflows of CHF 3.6 billion and CHF 5.6 billion in first quarter, respectively).

During the second quarter, the Board of Directors ("BoD") of UBS AG and senior management reconfirmed UBS's broad strategic direction. UBS is confident that it will create the most value for its clients and shareholders as an integrated bank with a client-focused business model. In order to ensure continued improvements in its profitability, UBS will develop its leading wealth management businesses, including further investing in its onshore businesses and the ultra high net worth client segment, while expanding its activities in the Asia-Pacific region and the emerging markets. The benefits of a globally competitive investment bank and a successful asset management business are also crucial to UBS's future. In its home market, Switzerland, UBS aims to maintain its leading position.

Over the last four quarters, a decline in returns for the banking industry as a whole has been witnessed, reflecting deleveraging and actions being taken in advance of increased capital requirements. A weakening economic outlook and higher future capital requirements may extend or exacerbate these trends. Given these circumstances, UBS will continue to evaluate potential changes to its businesses, corporate structure and booking model. The fundamental shift in the global financial environment also has implications for UBS's medium-term targets, which were set in 2009 and based on market and regulatory assumptions that are now outdated. While UBS continues to be optimistic that it will deliver higher profitability, UBS believes that its 2009 target for pre-tax profits is unlikely to be achieved in the time period originally envisaged.

In the current environment, UBS needs to be ever more vigilant around its levels of expenditure. As a result, UBS will initiate further cost reductions to align its expense base to current market conditions. Over the next 2 to 3 years, UBS will eliminate costs of CHF 1.5–2.0 billion, while remaining committed to investing in key growth areas that underpin its long-term success.

On 1 July 2011, UBS announced that Axel Weber, former President of the German Bundesbank, will be nominated for election to the BoD of UBS AG at the Annual General Meeting on 3 May

2012. Subject to his election, he will be appointed as non-independent Vice Chairman and is then expected to become Chairman of the Board in 2013.

At the UBS Annual General Meeting in April UBS shareholders approved the 2010 Annual Report and Group Financial Statements, elected Joseph Yam to the BoD and re-elected the incumbent members of the BoD.

3.5 Trend Information (Outlook statement as presented in UBS's second quarter 2011 report issued on 26 July 2011)

Current economic uncertainty shows little sign of abating. UBS therefore does not envisage material improvements in market conditions in the third quarter of 2011, particularly given the seasonal decline in activity levels traditionally associated with the summer holiday season, and expect these conditions to continue to constrain its results. In the second half of 2011, UBS may recognize deferred tax assets that could reduce its full-year effective tax rate. The levy imposed by the United Kingdom on bank liabilities, formally introduced just after the end of the second quarter, is expected to reduce the Investment Bank’s performance before tax by approximately CHF 100 million before the end of 2011. As a result of UBS's intention to initiate cost reduction measures, it is likely that UBS will book significant restructuring charges later this year. Going forward, UBS's solid capital position and financial stability as well as its sharpened focus on cost discipline will enable UBS to build further on the progress it has already made.

4. Administrative, Management and Supervisory Bodies of the Issuer

UBS AG is subject to, and fully complies with, the applicable Swiss regulatory requirements regarding corporate governance. In addition, as a foreign company with shares listed on the New York Stock Exchange (NYSE), UBS AG complies with the NYSE corporate governance standards with regard to foreign listed companies.

UBS AG operates under a strict dual board structure, as mandated by Swiss banking law. This structure establishes checks and balances and preserves the 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"). The supervision and control of the executive management remains with the BoD. No member of one board may be a member of the other.

The Articles of Association and the Organization Regulations of UBS AG with their annexes govern the authorities and responsibilities of the two bodies.

4.1 Board of Directors

The BoD is the most senior body of UBS AG. The BoD consists of at least six and a maximum of twelve members. All the members of the BoD are elected individually by the Annual General Meeting ("AGM") for a term of office of one year. The BoD's proposal for election must be such that three quarters of the BoD members will be independent. Independence is determined in accordance with the Swiss Financial Market Supervisory Authority (FINMA) circular 08/24, the NYSE rules and the rules and regulations of other securities exchanges on which UBS shares are listed, if any. The Chairman does not need to be independent.

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 meets as often as business requires, and at least six times a year.

4.1.1 Members of the Board of Directors

Member and business addresses	Title	Term of office	Current positions outside UBS AG[1]
Kaspar Villiger UBS AG, Bahnhofstrasse 45, P.O. Box, CH-8001, Zurich, Switzerland	Chairman	2012	None
Michel Demaré ABB Ltd., Affolternstrasse 44, P.O. Box 5009, CH-8050 Zurich, Switzerland	Independent Vice Chairman	2012	CFO and member of the Group Executive Committee of ABB; President Global Markets at ABB; member of the IMD Foundation Board, Lausanne.

Member and business addresses	Title	Term of office	Current positions outside UBS AG[1]
David Sidwell UBS AG, Bahnhofstrasse 45, P.O. Box, CH-8001, Zurich, Switzerland	Senior Independent Director	2012	Director and Chairperson of the Risk Policy and Capital Committee of Fannie Mae, Washington D.C.; Senior Advisor at Oliver Wyman, New York; trustee of the International Accounting Standards Committee Foundation, London; Chairman of the board of Village Care, New York; Director of the National Council on Aging, Washington D.C.
Rainer-Marc Frey Office of Rainer-Marc Frey, Seeweg 39, CH-8807 Freienbach Switzerland	Member	2012	Founder and Chairman of Horizon21 and its related entities and subsidiaries; member of the board of DKSH Group, Zurich, and of the Frey Charitable Foundation, Freienbach.
Bruno Gehrig Swiss International Air Lines AG, Obstgartenstrasse 25, CH-8302 Kloten, Switzerland	Member	2012	Chairman of the board of Swiss International Air Lines; Vice Chairman and Chairperson of the Remuneration Committee of Roche Holding Ltd., Basel.
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, P.O. Box, CH-8001, Zurich, Switzerland	Member	2012	Board member and Chairperson of the Audit Committees of Prudential plc, Rio Tinto plc and Rio Tinto Limited, London; board member of Atrium Underwriters Ltd., Atrium Underwriting Group Ltd., London, member of the board and Chairperson of the Audit Committee of Ariel Holdings Ltd., Bermuda.
Axel P. Lehmann Zurich Financial Services, Mythenquai 2, CH-8002, Zurich, Switzerland	Member	2012	Group Chief Risk Officer of Zurich Financial Services; Chairman of the board of Farmers Group, Inc. and of the Institute of Insurance Economics at the University of St. Gallen and Chairman of the Chief Risk Officer Forum.
Wolfgang Mayrhuber Deutsche Lufthansa AG, Flughafen Frankfurt am Main 302, D-60549 Frankfurt am Main Germany	Member	2012	Chairman of the supervisory board and Chairperson of the Mediation, the Nomination and the Executive Committees of Infineon Technologies AG, as well as member of the supervisory boards of Munich Re Group, BMW Group, Lufthansa Technik AG and Austrian Airlines AG; member of the board of SN Airholding SA/NV, Brussels, and HEICO Corporation, Hollywood, FL.
Helmut Panke BMW AG, Petuelring 130, D-80788 Munich Germany	Member	2012	Member of the board of Microsoft Corporation and Chairperson of the Antitrust Compliance Committee; member of the board of Singapore Airlines Ltd.; member of the supervisory board of Bayer AG.
William G. Parrett UBS AG, Bahnhofstrasse 45, P.O. Box, CH-8001, Zurich, Switzerland	Member	2012	Independent Director, and Chairperson of the Audit Committee, of the Eastman Kodak Company, the Blackstone Group LP and Thermo Fisher Scientific Inc.; Immediate Past Chairman of the board of the United States Council for International Business and of United Way Worldwide; member of the Board of Trustees of Carnegie Hall.

Member and business addresses	Title	Term of office	Current positions outside UBS AG[1]
Joseph Yam 18 B South Bay Towers 59 South Bay Rd. Hong Kong	Member	2012	Executive Vice President of the China Society for Finance and Banking; Chairman of the board of Macroprudential Consultancy Limited and member of the International Advisory Councils of a number of government and academic institutions. Board member and chairperson of the Risk Committee of China Construction Bank. Member of the board of Johnson Electric Holdings Limited.
[1] **Positions outside UBS held by members of the BoD in the last five years are indicated in their respective curriculum vitae below**			

On 1 July 2011, UBS announced that Axel Weber, former President of the German Bundesbank, will be nominated for election to the BoD of UBS AG at the Annual General Meeting on 3 May 2012. Subject to his election, he will be appointed as non-independent Vice Chairman and is then expected to become Chairman of the Board in 2013.

4.1.2 Organizational principles and structure

Following each AGM, the BoD meets to appoint its Chairman, Vice Chairman, Senior Independent Director, the BoD Committees members and their respective Chairpersons. At the same meeting, the BoD appoints a Company Secretary, who acts as secretary to the BoD and its Committees.

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.

4.1.3 Audit Committee

The Audit Committee ("AC") comprises at least three independent BoD members, with all members having been determined by the BoD to be fully independent and financially literate.

The AC does not itself perform audits, but monitors the work of UBS auditors. Its function is to serve as an independent and objective body with oversight of: (i) the Group's accounting policies, financial reporting and disclosure controls and procedures, (ii) the quality, adequacy and scope of external audit, (iii) the Issuer's compliance with financial reporting requirements, (iv) management's approach to internal controls with respect to the production and integrity of the financial statements and disclosure of the financial performance, and (v) the performance of UBS's Group Internal Audit in conjunction with the Chairman of the BoD and the Risk Committee.

The AC, together with the external auditors and Group Internal Audit, reviews the annual and quarterly financial statements of UBS AG and the Group as proposed by management in order to recommend their approval, including any adjustments it considers appropriate, to the BoD. Moreover, periodically, and at least annually, the AC assesses the qualifications, expertise, effectiveness, independence and performance of the external auditors and their lead audit partner, in order to support the BoD in reaching a decision in relation to the appointment or removal of the external auditors and the rotation of the lead audit partner. The BoD then submits these proposals at the AGM.

The members of the AC are William G. Parrett (Chairperson), Ann F. Godbehere, Michel Demaré and Rainer-Marc Frey.

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 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-8001 Zurich, Switzerland.

4.2.1 Members of the Group Executive Board

Oswald J. Grübel	Group Chief Executive Officer
Tom Naratil	Group Chief Financial Officer
Markus U. Diethelm	Group General Counsel
Sergio P. Ermotti	Chairman and Chief Executive Officer UBS Group EMEA
John A. Fraser	Chairman and Chief Executive Officer Global Asset Management
Lukas Gähwiler	Chief Executive Officer UBS Switzerland, co-CEO Wealth Management & Swiss Bank
Carsten Kengeter	Chairman and Chief Executive Officer Investment Bank
Ulrich Körner	Group Chief Operating Officer and Chief Executive Officer Corporate Center
Philip J. Lofts	Chief Executive Officer UBS Group Americas
Robert J. McCann	Chief Executive Officer Wealth Management Americas
Maureen Miskovic	Group Chief Risk Officer
Alexander Wilmot-Sitwell	Co-Chairman and co-Chief Executive Officer UBS Group Asia Pacific
Chi-Won Yoon	Co-Chairman and Co-Chief Executive Officer UBS Group Asia Pacific
Jürg Zeltner	Chief Executive Officer UBS Wealth Management, co-CEO 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 AG (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 AG. 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 28 April 2011, the AGM of UBS AG re-elected Ernst & Young Ltd, Aeschengraben 9, 4002 Basel, Switzerland ("Ernst & Young") as auditors for the Financial Statements of UBS AG 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

Under the Swiss Stock Exchange Act (the Federal Act on Stock Exchanges and Securities Trading of 24 March 1995, as amended), anyone holding shares in a company listed in Switzerland, or derivative rights related to shares of such a company, has to notify the company and the SIX Swiss Exchange if the holding attains, falls below or exceeds one of the following thresholds: 3, 5, 10, 15, 20, 25, 33 1/3, 50, or 66 2/3% of the voting rights, whether they are exercisable or not.

The following are the most recent notifications of holdings in UBS AG's share capital filed in accordance with the Swiss Stock Exchange Act, based on UBS AG's registered share capital at the time of the disclosure:

- 12 March 2010: Government of Singapore Investment Corp., 6.45%;
- 17 December 2009: BlackRock Inc., New York, USA, 3.45%.

Voting rights may be exercised without any restrictions by shareholders entered into UBS's share register, if they expressly render a declaration of beneficial ownership according to the provisions of the Articles of Association. Special provisions exist for the registration of fiduciaries and nominees. Fiduciaries and nominees are entered in the share register with voting rights up to a total of 5% of all shares issued if they agree to disclose upon UBS's request beneficial owners holding 0.3% or more of all UBS shares. An exception to the 5% voting limit rule exists for securities clearing organizations such as The Depository Trust Company in New York.

As of 30 June 2011, the following shareholders were registered in the share register with 3% or more of the total share capital of UBS AG: Chase Nominees Ltd., London (10.07%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (7.32%); Government of Singapore Investment Corp. (6.41%) and Nortrust Nominees Ltd, London (3.79%).

UBS holds its own shares primarily to hedge employee share and option participation plans. A smaller number is held by the Investment Bank in its capacity as a market-maker in UBS shares and related derivatives. As of 30 June 2011, UBS held a stake of UBS AG's shares, which corresponded to less than 3.00% of its total share capital. As of 31 December 2010, UBS had disposal positions relating to 508,052,477 voting rights, corresponding to 13.26% of the total voting rights of UBS AG. They consisted mainly of 9.66% of voting rights on shares deliverable in respect of employee awards and included the number of shares that may be issued, upon certain conditions, out of conditional capital to the Swiss National Bank ("SNB") in connection with the transfer of certain illiquid and other positions to a fund owned and controlled by the SNB.

Further details on the distribution of UBS AG's shares, also by region and shareholders' type, and on the number of shares registered, non registered and carrying voting rights as of 31 December 2010 can be found in the Annual Report 2010, on pages 193-195 (inclusive) of the English version.

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 for financial year 2009 is available in the Annual Report 2009 of UBS AG (Financial Information section), and for financial year 2010 in the Annual Report 2010 (Financial Information section). The Issuer's financial year is the calendar year.

With respect to the financial year 2009, reference is made to the following parts of the Annual Report 2009 (Financial Information section), in English:

(i) the Consolidated Financial Statements of UBS Group, in particular to the Income Statement on page 255, the Balance Sheet on page 257, the Statement of Cash Flows on pages 261-262 (inclusive) and the Notes to the Consolidated Financial Statements on pages 263-370 (inclusive), and

(ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 372, the Balance Sheet on page 373, the Statement of Appropriation of Retained Earnings on page 373, the Notes to the Parent Bank Financial Statements on pages 374–392 (inclusive) and the Parent Bank Review on page 371, and

(iii) the sections entitled "Introduction and accounting principles" on page 244 and "Critical accounting policies" on pages 245-248 (inclusive).

With respect to the financial year 2010, reference is made to the following parts of the Annual Report 2010 (Financial Information section), in English:

(i) the Consolidated Financial Statements of UBS Group, in particular to the Income Statement on page 265, the Balance Sheet on page 267, the Statement of Cash Flows on pages 271-272 (inclusive) and the Notes to the Consolidated Financial Statements on pages 273-378 (inclusive), and

(ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 380, the Balance Sheet on page 381, the Statement of Appropriation of Retained Earnings on page 382, the Notes to the Parent Bank Financial Statements on pages 383–399 (inclusive) and the Parent Bank Review on page 379, and

(iv) the sections entitled "Introduction and accounting principles" on page 254 and "Critical accounting policies" on pages 255-258 (inclusive).

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 2009 and 2010 were audited by Ernst & Young. The reports of the auditors on the Consolidated Financial Statements can be found on pages 252-253 (inclusive) of the Annual Report 2009 in English (Financial Information section) and on pages 262-263 (inclusive) of the Annual Report 2010 in English (Financial Information section). The reports of the auditors on the Financial Statements of UBS AG (Parent Bank) can be found on pages 393-394 of the Annual Report 2009 in English (Financial Information section) and on pages 400-401 of the Annual Report 2010 in English (Financial Information section).

7.3 Interim Financial Information

Reference is also made to UBS's first and second quarter 2011 reports, which contain information on the financial condition and the results of operation of the UBS Group as of and for the three months ended on 31 March 2011 and 30 June 2011, respectively. The interim financial statements are not audited.

7.4 Incorporation by reference

UBS's Annual Report 2009, Annual Report 2010 and the first and second quarter 2011 reports form an integral component of this document, and are therefore fully incorporated in this document.

7.5 Litigation and regulatory matters

UBS operates in a legal and regulatory environment that exposes it to significant litigation risks. As a result, UBS (which for purposes of this note may refer to UBS AG and/or one or more of its subsidiaries, as applicable) is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations. Such cases are subject to many uncertainties, and the 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 denying any wrongdoing. UBS 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 reliably estimated.

Certain potentially significant legal proceedings or threatened proceedings as of the last twelve months until the date of this document are described below. In some cases UBS provides the amount of damages claimed, the size of a transaction or other information in order to assist investors in considering the magnitude of any potential exposure. UBS is unable to provide an estimate of the possible financial effect of particular claims or proceedings (where the possibility of an outflow is more than remote) beyond the level of current reserves established. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings which involve unique fact patterns or novel legal theories, which have not yet been initiated or are at early stages of adjudication, or as to which alleged damages have not been quantified by the claimants. In many cases a combination of these factors impedes UBS's ability to estimate the financial effect of contingent liabilities. UBS also believes that such estimates could seriously prejudice its position in these matters.

1. Municipal bonds

In November 2006, UBS and others received subpoenas from the Antitrust Division of the US Department of Justice (DOJ) and the US Securities and Exchange Commission (SEC) seeking information relating to the investment of proceeds of municipal bond issuances and associated derivative transactions. In addition, various state Attorneys General issued subpoenas seeking similar information. Several putative class actions also have been filed in Federal District Courts against UBS and numerous other firms. In December 2010, three former UBS employees were indicted in connection with the Federal criminal antitrust investigation. On 4 May 2011, UBS announced a settlement with the SEC, DOJ, the US Internal Revenue Service (IRS) and a group of state Attorneys General under which UBS would pay a total of USD 140.3 million to resolve the regulatory, antitrust and securities law issues. The class action litigations remain pending; however, approximately USD 63 million of the regulatory settlement will be made available to potential claimants through a settlement fund, and payments made through the fund should reduce the total monetary amount at issue in the class action.

2. Auction rate securities

UBS was the subject of an SEC investigation and state regulatory actions relating to the marketing and sale of auction rate securities (ARS) to clients, and to UBS's role and participation in ARS auctions and underwriting of ARS. UBS was also named in several putative class actions and individual civil suits and 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. At the end of 2008, UBS entered into settlements with the SEC, the New York Attorney General (NYAG) and the Massachusetts Securities Division whereby UBS agreed to offer to buy back ARS from eligible customers within certain time periods, the last of which began on 30 June 2010, and to pay penalties of USD 150 million (USD 75 million to the NYAG and USD 75 million to the other states). UBS's settlement is largely in line with similar industry regulatory settlements. UBS has settled with the majority of states and is continuing to finalize settlements with the rest. The fines being paid in these state settlements are being charged against the USD 150 million provision that was established in 2008. The SEC continues to investigate individuals affiliated with UBS regarding the trading in ARS and disclosures. In 2010, a claimant alleging consequential damages from the illiquidity of ARS was awarded approximately USD 80 million by an arbitration panel. UBS moved in state court to vacate the award, and the matter was thereafter settled. UBS is the subject of other pending arbitration and litigation claims by clients and issuers relating to ARS.

3. US cross-border

UBS has been the subject of a number of governmental inquiries and investigations relating to its crossborder 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. Pursuant to the DPA, the DOJ agreed that any further prosecution of UBS would be deferred for a period of at least 18 months, subject to extension in certain circumstances. The DPA provided that, if UBS satisfied all of its obligations thereunder, the DOJ would refrain permanently from pursuing charges against UBS relating to the investigation of its US cross-border business. As part of the resolution of an SEC claim that UBS acted as an unregulated broker dealer and investment advisor in connection with its US cross-border business, UBS reached a consent agreement with the SEC on the same date. On 15 September 2010, the independent consultant appointed pursuant to the DPA and SEC Consent Order to review UBS's compliance with its exit-related obligations submitted its final report to both the DOJ and the SEC, finding that UBS had substantially complied in all material respects with these obligations under these settlements. Because UBS fully complied with its commitments under the DPA, the US DOJ moved to dismiss all of the previously filed charges that had been deferred under the DPA. On 25 October 2010, the Court dismissed all the charges, marking the closure of the DPA.

On 19 August 2009, UBS executed a settlement agreement with the US Internal Revenue Service (IRS) and the DOJ, to resolve the previously reported enforcement action relating to the "John Doe" summons served on UBS in July 2008 (UBS-US Settlement Agreement). At the same time, the United States and Switzerland entered into a separate but related agreement (Swiss-US Government Agreement), providing that the Swiss Federal Tax Administration (SFTA) process a request for administrative assistance under the Swiss-US Double Taxation Treaty related to an estimated number of approximately 4,450 accounts held by US taxpayers. Because UBS complied with all of its obligations set forth in the UBS-US Settlement Agreement required to be completed by the end of 2009, the IRS withdrew the "John Doe" summons with prejudice as to all accounts not covered by the treaty request. In March 2010, the Swiss and US governments signed a protocol amending the Swiss-US Government Agreement, and the agreement, as amended by the protocol, was approved by the Swiss Parliament on 17 June 2010. In August 2010, the IRS withdrew with prejudice the Notice of Default it had served on UBS in May 2008 with respect to the Qualified Intermediary Agreement between UBS and the IRS. On 15 November 2010, the IRS withdrew the "John Doe" summons in its entirety and with prejudice. This represented the final formal step in the comprehensive resolution of the US cross-border matter.

4. Inquiries regarding Non-US cross-border wealth management businesses

Following the disclosure and the settlement of the US cross-border matter, tax and regulatory authorities in a number of countries have made inquiries and served requests for information located in their respective jurisdictions relating to the cross-border wealth management services provided by UBS and other financial institutions. UBS is cooperating with these requests within the limits of financial privacy obligations under Swiss and other applicable laws.

5. 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 mortgage-related securities and other structured transactions and derivatives. In particular, the SEC is investigating UBS's valuation of super senior tranches of collateralized debt obligations (CDO) during the third quarter of 2007 and UBS's reclassification of financial assets pursuant to amendments to IAS 39 during the fourth quarter of 2008. UBS has provided documents and testimony to the SEC and is continuing to cooperate with the SEC in its investigation. UBS has also communicated with and has responded to other inquiries by various governmental and regulatory authorities, including the Swiss Financial Market Supervisory Authority (FINMA), the UK Financial Services Authority (FSA), the SEC, the US Financial Industry Regulatory Authority (FINRA), the Financial Crisis Inquiry Commission (FCIC), the New York Attorney General, and the US Department of Justice, concerning various matters related to the credit crisis. These matters concern, among other things, UBS's (i) disclosures and writedowns, (ii) interactions with rating agencies, (iii) risk control, valuation, structuring and marketing of mortgage-related instruments, and (iv) role as underwriter in securities offerings for other issuers.

6. Lehman principal protection notes

From March 2007 through September 2008, UBS sold approximately USD 1 billion face amount of structured notes issued by Lehman Brothers Holdings Inc. (Lehman), a majority of which were referred to as "principal protection notes," reflecting the fact that while the notes' return was in some manner linked to market indices or other measures, some or all of the investor's principal was an unconditional obligation of Lehman as issuer of the notes. UBS has been named along with other defendants in a putative class action alleging materially misleading statements and omissions in the prospectuses relating to these notes and asserting claims under US securities laws. UBS has also been named in numerous individual civil suits and customer arbitrations (some of which have resulted in settlements or adverse judgments), was named in a proceeding brought by the New Hampshire Bureau of Securities, and is responding to investigations by other state regulators relating to the sale of these notes to UBS's customers. The customer litigations and regulatory investigations relate primarily to whether UBS adequately disclosed the risks of these notes to its customers. In April 2011, UBS entered into a settlement with FINRA related to the sale of these notes, pursuant to which UBS agreed to pay a USD 2.5 million fine and approximately USD 8.25 million in restitution and interest to a limited number of investors in the US.

7. Claims related to sales of residential mortgage-backed securities and mortgages

From 2002 through about 2007, UBS was a substantial underwriter and issuer of US residential mortgage-backed securities (RMBS). UBS has been named as a defendant relating to its role as underwriter and issuer of RMBS in a large number of lawsuits relating to approximately USD 39 billion in original face amount of RMBS underwritten or issued by UBS. Most of the lawsuits are in their early stages. Many have not advanced beyond the motion to dismiss phase; others are in varying stages of discovery. Of the original face amount of RMBS at issue in these cases, approximately USD 4.8 billion was issued in offerings in which a UBS subsidiary transferred underlying loans (the majority of which were purchased from third-party originators) into a securitization trust and made representations and warranties about those loans. The remaining USD 34 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter. In connection with certain of these lawsuits, UBS has indemnification rights against solvent third-party issuers or originators for any loss or liability incurred by UBS. Additionally, UBS is named as a defendant in three lawsuits brought by insurers of RMBS seeking recovery of insurance paid to RMBS investors. These insurers allege that UBS and other RMBS underwriters aided and abetted misrepresentations and fraud by RMBS issuers, and claim equitable and contractual subrogation rights. UBS has also been contacted by certain government-sponsored enterprises requesting that UBS repurchase USD 2 billion of securities issued in UBS-sponsored RMBS offerings.

As described in the section "Other contingent liabilities - Demands related to sales of mortgages and RMBS" below, UBS also has contractual obligations to repurchase US residential mortgage loans as to which UBS's representations made at the time of transfer prove to have been materially inaccurate.

8. Claims related to UBS disclosure

A putative consolidated class action has been filed in the United States District Court for the Southern District of New York against UBS, a number of current and former directors and senior officers and certain banks that underwrote UBS's May 2008 Rights Offering (including UBS Securities LLC) alleging violation of the US securities laws in connection with UBS's disclosures relating to UBS's positions and losses in mortgage-related securities, UBS's positions and losses in auction rate securities, and UBS's US crossborder business. Defendants have moved to dismiss the complaint for failure to state a claim. UBS, a number of senior officers and employees and various UBS committees have also been sued in a putative consolidated class action for breach of fiduciary duties brought on behalf of current and former participants in two UBS Employee Retirement Income Security Act (ERISA) retirement plans in which there were purchases of UBS stock. In March

2011, the court dismissed the ERISA complaint. The plaintiffs have sought leave to file an amended complaint.

9. Madoff

In relation to the Bernard L. Madoff Investment Securities LLC (BMIS) investment fraud, UBS AG, UBS (Luxembourg) SA and certain other UBS subsidiaries have been subject to inquiries by a number of regulators, including FINMA and the Luxembourg Commission de Surveillance du Secteur Financier (CSSF). Those inquiries concerned two third-party funds established under Luxembourg law, substantially all assets of which were with BMIS, as well as certain funds established under offshore jurisdictions with either direct or indirect exposure to BMIS. These funds now face severe losses, and the Luxembourg funds are in liquidation. 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, although that figure likely includes fictitious profit reported by BMIS. 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. Between February and May 2009, UBS (Luxembourg) SA responded to criticisms made by the CSSF in relation to its responsibilities as custodian bank and demonstrated to the satisfaction of the CSSF that it has the infrastructure and internal organization in place in accordance with professional standards applicable to custodian banks in Luxembourg. UBS (Luxembourg) SA and certain other UBS subsidiaries are also responding to inquiries by Luxembourg investigating authorities, without however being named as parties in those investigations. In December 2009 and March 2010, the liquidators of the two Luxembourg funds filed claims on behalf of the funds against UBS entities, non-UBS entities and certain individuals including current and former UBS employees. The amounts claimed are approximately EUR 890 million and EUR 305 million respectively. In addition, a large number of alleged beneficiaries have filed claims against UBS entities (and non-UBS entities) for purported losses relating to the Madoff scheme. The majority of these cases are pending in Luxembourg, where appeals have been filed against the March 2010 decisions of the court in which the claims in a number of test cases were held to be inadmissible. In the US, the BMIS Trustee has filed claims against UBS entities, amongst others, in relation to the two Luxembourg funds and one of the offshore funds. A claim was filed in November 2010 against 23 defendants including UBS entities, the Luxembourg and offshore funds concerned and various individuals, including current and former UBS employees. The total amount claimed against all defendants is no less than USD 2 billion. A second claim was filed in December 2010 against 16 defendants including UBS entities and the Luxembourg fund concerned. The total amount claimed against all defendants is not less than USD 555 million. UBS has filed motions requesting that these complaints be moved from the Bankruptcy Court to the Federal District Court. In Germany, certain clients of UBS are exposed to Madoff-managed positions through third-party funds and funds administered by UBS entities in Germany. A small number of claims have been filed with respect to such funds.

10. Transactions with City of Milan and other Italian public sector entities

In January 2009, the City of Milan filed civil proceedings against UBS Limited, UBS Italia SIM Spa and three other international banks in relation to a 2005 bond issue and associated derivatives transactions entered into with the City between 2005 and 2007. The claim is to recover alleged damages in an amount which will compensate for terms of the related derivatives which the City claims to be objectionable. In the alternative, the City seeks to recover alleged hidden profits asserted to have been made by the banks in an amount of approximately EUR 88 million (of which UBS Limited is alleged to have received approximately EUR 16 million) together with further damages of not less than EUR 150 million. The claims are made against all of the banks on a joint and several basis. The case is currently stayed following a petition filed by the four banks to the Italian basis Court of Cassation challenging the jurisdiction of the Italian courts. In addition, two current UBS employees and one former employee, together with employees from other banks, a former City officer and a former adviser to the City, are facing a criminal trial for alleged "aggravated fraud" in relation to the City's 2005 bond issue and the execution, and subsequent restructuring, of certain related derivative transactions. The primary allegation is that UBS Limited and the other international banks obtained hidden and/or illegal profits by entering into the derivative contracts with the City. The banks also face an administrative charge of failing to have in place a business organizational model to avoid the alleged misconduct by employees, the sanctions for which could include a limitation on activities in Italy. The City has separately asserted claims for damages against UBS Limited and UBS individuals in those proceedings. A number of transactions with other public entity counterparties in Italy have also been called into question or become the subject of legal proceedings and claims for damages and other awards. These include derivative transactions with the Regions of Calabria, Tuscany, Lombardy and Lazio and the City of Florence. UBS has itself issued proceedings before English courts in connection with a number of derivative transactions with Italian public entities, including some of those mentioned above, aimed at obtaining declaratory judgments as to the legitimacy of UBS's behavior.

11. HSH Nordbank AG (HSH)

HSH has filed an action against UBS in New York State court relating to USD 500 million of notes acquired by HSH in a synthetic CDO transaction known as North Street Referenced Linked Notes, 2002-4 Limited (NS4). The notes were linked through a credit default swap between the NS4 issuer and UBS to a reference pool of corporate bonds and asset-backed securities. HSH alleges that UBS knowingly misrepresented the risk in the transaction, sold HSH notes with "embedded losses", and improperly profited at HSH's expense by misusing its right to substitute assets in the reference pool within specified parameters. HSH is seeking USD 500 million in compensatory damages plus pre-judgment interest. The case was initially filed in 2008. Following orders issued in 2008 and 2009, in which the court dismissed most of HSH's claims and its punitive damages demand and later partially denied a motion to dismiss certain repleaded claims, the claims remaining in the case are for fraud, breach of contract and breach of the implied covenant of good faith and fair dealing. Both sides have appealed the court's most recent partial dismissal order, and a decision on the appeal is pending.

12. Kommunale Wasserwerke Leipzig GmbH (KWL)

In 2006 and 2007, KWL entered into a series of Credit Default Swap (CDS) transactions with bank swap counterparties, including UBS. Under the CDS contracts between KWL and UBS, the last of which were terminated by UBS in October 2010, a net sum of approximately USD 138 million has fallen due from KWL but not been paid. In January 2010, UBS issued proceedings in the English High Court against KWL seeking various declarations from the English court, in order to establish that the swap transaction between KWL and UBS is valid, binding and enforceable as against KWL. In October 2010, the English court ruled that it has jurisdiction and will hear the proceedings, and UBS issued a further claim seeking declarations concerning the validity of its early termination of the remaining CDS transactions with KWL. Whilst KWL appealed from that decision, it has recently informed UBS that in light of a recent decision of the European Court of Justice (ECJ) in another case not involving UBS, it does not intend to proceed with the jurisdictional appeal in the English courts. The civil dispute will now proceed before the English court with UBS's two claims now consolidated together and amended to include a claim for payment from KWL of the net principal sum outstanding plus interest. In March 2010, KWL issued proceedings in Leipzig, Germany, against UBS and other banks involved in these contracts, claiming that the swap transactions are void and not binding on the basis of KWL's allegation that KWL did not have the capacity or the necessary internal authorization to enter into the transactions and that the banks knew this. Upon and as a consequence of KWL withdrawing its appeal on jurisdiction in England (and the same ECJ ruling referred to above), it is expected that the Leipzig court will dismiss KWL's civil claim against UBS and one of the other banks in the German courts and that no civil claim will proceed against either of them in Germany. The proceedings by KWL against the third bank will now proceed before the German courts following a preliminary order by the Leipzig court that it has jurisdiction to hear this case.

The other two banks that entered into CDS transactions with KWL entered into back-to-back CDS transactions with UBS. In April 2010, UBS issued separate proceedings in the English High Court against those bank swap counterparties seeking declarations as to the parties' obligations under those transactions. The back-to-back CDS transactions were subsequently terminated in April and June 2010. The aggregate amount that UBS contends is outstanding under those transactions is approximately USD 189 million plus interest. These English court proceedings are currently stayed.

In January 2011, the former managing director of KWL and two financial advisers were convicted on criminal charges related to certain KWL transactions, including swap transactions with UBS and other banks.

13. Puerto Rico

The SEC has been investigating UBS's secondary market trading and associated disclosures involving shares of closed-end funds managed by UBS Asset Managers of Puerto Rico, principally in 2008 and 2009. In November 2010, the SEC issued a "Wells notice" to two UBS subsidiaries, advising them that the SEC staff is considering whether to recommend that the SEC bring a civil action against them relating to these matters.

14. LIBOR

Several government agencies, including the SEC, the US Commodity Futures Trading Commission, the DOJ and the FSA, are conducting investigations regarding submissions to the British Bankers' Association, which sets LIBOR rates. UBS understands that the investigations focus on whether there were improper attempts by UBS (among others), either acting on its own or together with others, to manipulate LIBOR rates at certain times. In addition, UBS has received an order to provide information to the Japan Financial Services Agency concerning similar matters.

UBS has recently been informed that UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ, in connection with potential antitrust or competition law violations related to submissions for Yen LIBOR and Euroyen TIBOR (Tokyo Interbank Offered Rate). As a result of these conditional grants, UBS will not be subject to prosecutions, fines or other sanctions for antitrust or competition law violations in connection with the matters UBS reported to those authorities, subject to UBS' continuing cooperation. However, the conditional leniency and conditional immunity grants UBS has received do not bar government agencies from asserting other claims against UBS. In addition, as a result of the conditional leniency agreement with the DOJ, UBS is eligible for a limit on liability to actual rather than treble damages were damages to be awarded in any civil antitrust action under US law based on conduct covered by the agreement and for relief from potential joint-and-several liability in connection with such civil antitrust action, subject to UBS satisfying the DOJ and the court presiding over the civil litigation of UBS' cooperation. The conditional leniency and conditional immunity grants do not otherwise affect the ability of private parties to assert civil claims against UBS.

A number of putative class actions have been filed in federal courts in the US against UBS and numerous other banks on behalf of certain parties who transacted in LIBOR-based derivatives. The complaints allege manipulation, through various means, of the US dollar LIBOR rate and prices of US dollar LIBOR-based derivatives in various markets. Claims for damages are asserted under various legal theories, including violations of the US Commodity Exchange Act and antitrust laws.

Besides the proceedings specified above under (1) through (14) no governmental, legal or arbitration proceedings, which may significantly affect UBS's financial position, are or have been pending during the last twelve months until the date of this document, nor is the Issuer aware that any such governmental, legal or arbitration proceedings are threatened.

7.6 Other contingent liabilities

Demands related to sales of mortgages and RMBS

For several years prior to the crisis in the US residential mortgage loan market, UBS sponsored securitizations of US residential mortgage- backed securities (RMBS) and were a purchaser and seller of US residential mortgages. A subsidiary of UBS, UBS Real Estate Securities Inc. ("UBS RESI"), acquired pools of residential mortgage loans from originators and (through an affiliate) deposited them into securitization trusts. In this manner, from 2004 through 2007 UBS RESI sponsored approximately USD 80 billion in RMBS, based on the original principal balances of the securities issued. The overall market for privately issued US RMBS during this period was approximately USD 3.9 trillion.

UBS RESI also sold pools of loans acquired from originators to third-party purchasers. These whole loan sales during the period 2004 through 2007 totaled approximately USD 19 billion in original principal balance.

UBS was not a significant originator of US residential loans. A subsidiary of UBS originated approximately USD 1.5 billion in US residential mortgage loans during the period in which it was active from 2006 to 2008, and securitized less than half of these loans.

When UBS acted as an RMBS sponsor or mortgage seller, UBS generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in certain circumstances contractually obligated to repurchase the loans to which they related or to indemnify certain parties against losses. UBS has been notified by certain institutional purchasers and insurers of mortgage loans and RMBS that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. Loan repurchase demands increased in the second quarter, as reflected in the table below, which summarizes repurchase demands received by UBS and UBS's repurchase activity from 2006 through 15 July 2011.

Loan repurchase demands by year received – original principal balance of loans

USD million	2006–2008	2009	2010	2011 through 15 July	Total
Actual or agreed loan repurchases / make whole payments by UBS	11.7	1.4	47.7		60.8
Demands resolved directly by third-party originators		1.1	20.4	0.4	21.9
Demands resolved in litigation	0.6	20.7			21.4
Demands rebutted by UBS but not yet rescinded by counterparty		60.3	255.8	1.3	317.3

Demands rescinded by counterparty[1]	110.2	97.2	11.8	6.0	225.2
Demands in review by UBS[2]		52.1	36.9	589.5	678.5
Total	**122.5**	**232.8**	**372.5**	**597.2**	**1,325.1**

1 Includes demands that were not pursued by the counterparty following rebuttal by UBS. 2 Includes loans totaling USD 20.6 million in original principal balance for which a provision was made in 2010 and which remain in review.

As of the end of the second quarter of 2011, UBS's balance sheet reflects a provision of USD 87.5 million based on its best estimate of the loss arising from loan repurchase demands received from 2006 through 2011 to which UBS has agreed or which remain unresolved, and for certain anticipated loan repurchase demands of which it has been informed. A counterparty has advised UBS that it intends to make loan repurchase demands that are currently estimated to amount to at least USD 900 million in original principal balance, but it is not yet clear when or to what extent these demands will be made. UBS also cannot reliably estimate when or to what extent the provision will be utilized in connection with actual loan repurchases or payments for liquidated loans, because both the submission of loan repurchase demands and the timing of resolution of such demands are uncertain.

Payments made by UBS to date to resolve repurchase demands have been for liquidated adjustable rate mortgages that provide the borrower with a choice of monthly payment options (Option ARM loans). These payments were equivalent to approximately 62% of the original principal balance of the Option ARM loans. The corresponding percentages for other loan types can be expected to vary. With respect to unliquidated Option ARM loans that UBS has agreed to repurchase, UBS expects severity rates will be similar to payments made for liquidated loans. Actual losses upon repurchase will reflect the estimated value of the loans in question at the time of repurchase as well as, in some cases, partial repayment by the borrowers or advances by servicers prior to repurchase. It is not possible to predict future indemnity rates or percentage losses upon repurchase for reasons including timing and market uncertainties as well as possible differences in the characteristics of loans that may be the subject of future demands compared with those that have been the subject of past demands.

In most instances in which UBS would be required to repurchase loans or indemnify against losses due to misrepresentations, it would be able to assert demands against third-party loan originators who provided representations when selling the related loans to UBS. However, many of these third parties are insolvent or no longer exist. UBS estimates that, of the total original principal balance of loans sold or securitized by UBS from 2004 through 2007, less than 50% was purchased from third-party originators that remain solvent. UBS has asserted indemnity or repurchase demands against originators equivalent to approximately 60% of the original principal balance of the liquidated loans for which UBS has made payment in response to demands received in 2010 and 2011. Only a small number of UBS' demands have been resolved, and UBS has not recognized any asset in respect of the unresolved demands.

UBS cannot reliably estimate the level of future repurchase demands, and does not know whether its past success rate in rebutting such demands will be a good predictor of future success. UBS also cannot reliably estimate the timing of any such demands.

As described above under section 7.5 "Litigation and regulatory matters", UBS is also subject to claims and threatened claims in connection with UBS's role as underwriter and issuer of RMBS.

7.7 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.

7.8 Significant Changes in the Financial Situation

There has been no material change in the financial position of UBS since the publication of UBS's second quarter 2011 report (including non-audited consolidated financial statements) for the period ending on 30 June 2011.

8. Share Capital

As reflected in its Articles of Association most recently registered with the Commercial Register of Zurich and the Commercial Register of Basel-City, UBS AG had (i) fully paid and issued share capital of CHF 383,084,051.30, divided into 3,830,840,513 registered shares with a par value of CHF 0.10 each, (ii) no authorized capital and (iii) conditional share capital in the amount of CHF 62,992,071.20, comprising 629,920,712 registered shares with a par value of CHF 0.10 each.

9. Documents on Display

- The Annual Report of UBS AG as of 31 December 2009, comprising the sections (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 Annual Report of UBS AG as of 31 December 2010, comprising the sections (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 2009 and 2010 and the Compensation Report 2009 and 2010;

- the quarterly reports of UBS AG as at 31 March 2011 and 30 June 2011; 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 or a successor address. The Articles of Association of UBS AG are also available on UBS's Corporate Governance website, at www.ubs.com/governance.

UBS Investment Bank

Optimisation

Acceptance on behalf of the Issuer of the terms of these Final Terms

For and on behalf of:
UBS AG, Jersey Branch

....
Authorised Signatory

Philippe Adam
Director

....
Authorised Signatory

René Scheidegger
Associate Director