

TERMS AND CONDITIONS OF THE SECURITIES**Terms and Conditions of the Securities**

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

The Conditions of the Securities are composed of

Part 1: Key Terms and Definitions of the Securities

Part 2: Special Conditions of the Securities

Part 3: General Conditions of the Securities

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

The Securities use the following definitions and have, subject to an adjustment according to the Conditions of the Securities, the following key terms, both as described below in alphabetical order. The following does not represent a comprehensive description of the Securities, and is subject to and should be read in conjunction with the Conditions of the Securities.

A.

Additional Termination Event:

Additional Termination Event means in relation to a share used as the Underlying any of the following events:

- (i) The Issuer obtains knowledge about the intention to discontinue permanently the quotation of the shares of the Company on the Relevant Exchange due to a merger or a new company formation, due to a transformation of the Company into a legal form without shares, or due to any other comparable reason, in particular as a result of a delisting of the Company.
- (ii) An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated with respect to the assets of the Company.
- (iii) Take-over of the shares of the Company, which in the Issuer's opinion, results in a significant impact on the liquidity of such shares in the market.
- (iv) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to cash settlement, to Securities other than shares or rights, which are not quoted on a stock exchange and/or in a trading system.

Aggregate Nominal Amount:

The Aggregate Nominal Amount equals SEK 18,600,000.00.

B.

Banking Day:

The Banking Day means each day on which the banks in Stockholm, Sweden, are open for business and the Clearing System settles securities dealings.

Bonus 1:

The Bonus 1 equals 62.50 %.

Bonus 2:

The Bonus 2 equals 62.50 %.

Bonus Level:

The Bonus Level_(i=1) of the Underlying_(i=1) equals SEK 98.00, the Bonus Level_(i=2) of the Underlying_(i=2) equals EUR 3.7645, the Bonus Level_(i=3) of the Underlying_(i=3) equals USD 50.08 and the Bonus Level_(i=4) of the Underlying_(i=4) equals USD 82.01.

The term "Bonus Level" shall also refer to all Bonus Levels_(i=1) to _(i=4).

One (1) unit of the Underlying Currency equals one (1) unit SEK, "Quanto SEK"

C.**Calculation Agent:**

UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom.

CA Rules:

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

Clearing System:

Clearing System means Euroclear Sweden AB, P.O. Box 191, S-101 23 Stockholm, Sweden, in its capacity as central securities depository under the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) or any successor in this capacity.

E.**Expiration Date:**

The Expiration Date means 4 September 2025.

F.**Fixing Date:**

The Fixing Date means 4 September 2020.

Fixing Time:

The Fixing Time equals the time of the official determination of the closing price of the respective Underlying⁽ⁱ⁾.

I.**Initial Payment Date:**

The Initial Payment Date means 24 September 2020.

Issue Date:

The Issue Date means 24 September 2020.

Issue Price:

The Issue Price equals 100 % of the Nominal Amount.

Issuer:

The Issuer means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom.

Issuing Agent:

The Issuing Agent means Skandinaviska Enskilda Banken Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden, or any successor in this capacity. As long as any Security is outstanding, there will at all times be an Issuing Agent duly authorised as such under the CA Rules with regard to the Securities.

K.**Kick-In Event:**

A Kick-In Event occurs, if the Settlement Price of **at least one** Underlying⁽ⁱ⁾ is **lower than the respective Kick In Level⁽ⁱ⁾**.

Kick In Level:

The Kick In Level_(i=1) in relation to the Underlying_(i=1) equals SEK 58.80, the Kick In Level_(i=2) in relation to the Underlying_(i=2) equals EUR 2.2587, the Kick In Level_(i=3) in relation to the Underlying_(i=3) equals USD 30,048, and

the Kick In Level_(i=4) in relation to the Underlying_(i=4) equals USD 49.206.

The term "Kick In Level" shall also refer to all Kick In Levels_(i=1) to _(i=4).

One (1) unit of the Underlying Currency equals one (1) unit SEK, "**Quanto SEK**".

M.

Maturity Date:

The Maturity Date means, subject to the occurrence of a Market Disruption in accordance with § 11 of the Conditions of the Securities, (i) 22 September 2025, and (ii) in the case of a termination by the Issuer in accordance with § 8 of the Conditions of the Securities, the tenth Banking Day after the Termination Date.

If any Maturity Date would fall on a day which is not a Banking Day, the payment date shall be postponed to the next day which is a Banking Day.

Minimum Trading Size:

The Minimum Trading Size equals nominal SEK 100,000.00.

N.

Nominal Amount (Denomination):

The Nominal Amount (Denomination) per Security equals SEK 100,000.00.

P.

Participation Factor:

The Participation Factor equals 100 %.

Paying Agent:

The Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basle, Switzerland, acting through its London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom, and Skandinaviska Enskilda Banken Stockholm (SEB), Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden. The term "Paying Agent" shall also refer to all Paying Agents including the Principal Paying Agent.

Price of the Underlying:

The Price of the Underlying_(i) means the official closing price of the Underlying_(i) as determined on the Relevant Exchange.

Principal Paying Agent:

The Principal Paying Agent means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, and Aeschenvorstadt 1, 4051 Basel, Switzerland, acting through its London Branch, 5 Broadgate, London EC2M 2QS, United Kingdom.

R.

Redemption Currency:

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

Reference Level:	<p>The Reference Level_(i=1) of the Underlying_(i=1) equals SEK 98.00, the Reference Level_(i=2) of the Underlying_(i=2) equals EUR 3.7645, the Reference Level_(i=3) of the Underlying_(i=3) equals USD 50.08, and the Reference Level_(i=4) of the Underlying_(i=4) equals USD 82.01.</p> <p>The term "Reference Level" shall also refer to all Reference Levels_(i=1) to _(i=4).</p> <p>One (1) unit of the Underlying Currency equals one (1) unit SEK, "Quanto SEK".</p>
Relevant Exchange:	<p>The Relevant Exchange means in relation to the Underlying_(i=1) Nasdaq Stockholm, in relation to the Underlying_(i=2) Nasdaq Helsinki, in relation to the Underlying_(i=3) Nasdaq Stock Market, and in relation to the Underlying_(i=4) Nasdaq Stock Market.</p>
Relevant Futures and Options Exchange:	<p>The Relevant Futures and Options Exchange means the futures and options exchange(s), on which futures and option contracts on the Underlying are primarily traded, as determined by the Calculation Agent.</p>
Relevant Underlying:	<p>The Relevant Underlying means the Underlying_(i) with the lowest performance with respect to the Settlement Price in relation to the Reference Level.</p>
S. Securities:	<p>Securities means the UBS Perles Plus Certificates issued by the Issuer in the Aggregate Nominal Amount and with the Denomination of the Nominal Amount per Security.</p> <p>The Securities are being issued in uncertificated and dematerialised form to be registered in book-entry form at the Clearing System and will not be represented by definitive securities.</p>
Security Identification Codes:	<p>ISIN: SE0014782975, Valor: 56409164, WKN: UE1U46, Common Code: 223025749</p>
Settlement Cycle:	<p>The Settlement Cycle means the number of business days following a trade in the Underlying on the Relevant Exchange in which settlement will customarily occur according to the rules of the Relevant Exchange.</p>
Settlement Price:	<p>The Settlement Price of the Underlying_(i) equals the Price of the Underlying_(i) on the Valuation Date at the Valuation Time.</p> <p>One (1) unit of the Underlying Currency equals one (1) unit SEK, "Quanto SEK".</p>
Strike:	<p>The Strike equals 100 %.</p>
T. Term of the Securities:	<p>Term of the Securities means the period commencing on the Issue Date and ending on the Expiration Date at the Valuation Time.</p>

Termination Amount:

The Termination Amount equals an amount in the Redemption Currency, which is determined by the Calculation Agent at its reasonable discretion and considering the then prevailing Price of the Underlying as the fair market price of a Security at the occurrence of the termination of the Securities.

U.**Underlyings:**

The Underlying_(i=1) equals the share of Telefonaktiebolaget LM Ericsson (publ) (ISIN SE0000108656, Bloomberg: ERICB SS),

the Underlying_(i=2) equals the share of Nokia Oyj (ISIN FI0009000681, Bloomberg: NOKIA FH),

the Underlying_(i=3) equals the share of Intel Corporation (ISIN US4581401001, Bloomberg: INTC UW), and

the Underlying_(i=4) equals the share of Advanced Micro Devices, Inc. (ISIN US0079031078, Bloomberg: AMD UW).

The term "Underlying" shall also refer to all Underlyings_(i=1) to _(i=4).

To avoid currency fluctuations in relation to the respective Underlying_(i) that is denominated in a currency other than the Redemption Currency, the Price of the Underlying is expressed on a quanto SEK basis, i.e. the currency relating to the Underlying is considered according to amount as a SEK price without conversion in relation to the Price of the Underlying or the Settlement Price (one (1) unit of the Underlying Currency equals one (1) unit SEK, "**Quanto SEK**").

Underlying Calculation Date:

The Underlying Calculation Date means each day, on which the Relevant Exchange is open for trading and the Price of the Underlying is determined in accordance with the relevant rules.

Underlying Currency:

The Underlying Currency_(i=1) in relation to the Underlying_(i=1) means Swedish Krona ("**SEK**"),
the Underlying Currency_(i=2) in relation to the Underlying_(i=2) means Euro ("**EUR**"),
the Underlying Currency_(i=3) in relation to the Underlying_(i=3) means US Dollar ("**USD**"), and
the Underlying Currency_(i=4) in relation to the Underlying_(i=4) means US Dollar ("**USD**").

The term "Underlying Currency" shall also refer to all Underlying Currencies_(i=1) to _(i=4).

One (1) unit of the Underlying Currency equals one (1) unit SEK, "**Quanto SEK**").

V.**Valuation Date:**

The Valuation Date means the Expiration Date.

If this day is not an Underlying Calculation Date in relation to an Underlying_(i), the immediately succeeding Underlying Calculation Date is deemed to be the relevant Valuation Date in relation to all Underlyings.

Valuation Time:

The Valuation Time equals the time of the official determination of the closing price of the respective Underlying_(i).

**W.
Weighting:**

The Weighting_(i) in relation to each Underlying_(i) equals 25.00 %.

The term "Weighting" shall also refer to all Weightings_(i=1) to _(i=4).

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

§ 1 Security Right

(1) Security Right of the Securityholders

The Issuer hereby warrants to the Securityholder (§ 4 (2)) of each Security relating to the Price of the Underlyings in accordance with these Conditions that such Securityholder shall have the following right (the "**Security Right**"):

- (a) If a **Kick-In Event** (as defined in the section "Conditions of the Securities – Product Terms Part 1: Key Terms and Definitions of the Securities") **has not occurred**, the Securityholder has the following right:
- (i) In case the Settlement Price of **all** Underlyings_(i) is **equal to or higher than the respective Bonus Level_(i)**, the Securityholder is entitled to receive the Settlement Amount (as defined below), commercially rounded to two decimal places (the "**Redemption Amount**").

The "**Settlement Amount**" is calculated in accordance with the following formula:

$$\text{Nominal Amount} + \text{Nominal Amount} \times \text{Max} [(\text{Bonus 1} + \text{Bonus 2}; \text{Participation Factor} \times \text{Portfolio Performance})]$$

where the "**Portfolio Performance**" is calculated in accordance with the following formula:

$$\sum_{i=1}^4 \left(\frac{\text{Settlement Price}_{(i)}}{\text{Reference Level}_{(i)}} \times \text{Weighting}_{(i)} \right) - \text{Strike}$$

- (ii) In case the Settlement Price of **at least one** Underlying_(i) is **lower than the respective Bonus Level_(i)**, the Securityholder is entitled to receive the Settlement Amount (as defined below), commercially rounded to two decimal places (the "**Redemption Amount**").

The "**Settlement Amount**" is calculated in accordance with the following formula:

$$\text{Nominal Amount} + (\text{Nominal Amount} \times \text{Bonus 1})$$

- (b) If a **Kick-In Event** (as defined in the section "Conditions of the Securities – Product Terms Part 1: Key Terms and Definitions of the Securities") **has occurred**, the Securityholder is entitled to receive the Settlement Amount (as defined below), commercially rounded to two decimal places (the "**Redemption Amount**").

The "**Settlement Amount**" is calculated in accordance with the following formula:

$$\text{Nominal Amount} \times \frac{\text{Settlement Price of the Relevant Underlying}}{\text{Reference Level of the Relevant Underlying}}$$

(2) Determinations and Calculations in connection with the Security Right

Any determination and calculation in connection with the Security Right, in particular the calculation of the Redemption Amount, will be made by the Calculation Agent. Determinations and calculations made in this respect by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Securityholders.

§ 2

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§ 3

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

§ 4

Form of Securities; Title and Transfer; Status

(1) Form of Securities

The Securities are issued in uncertificated and dematerialised book-entry form, and registered at the Clearing System in accordance with the relevant CA Rules. No physical securities, such as global temporary or permanent securities or definitive securities will be issued in respect of the Securities. The Issuer shall be entitled to obtain from the Clearing System information based on the Clearing System's register regarding the Securities for the purpose of performing its obligations pursuant to these Conditions.

(2) Securityholder; Title and Transfer

“**Securityholder**” means the person in whose name a Security is registered with the Clearing System (including a person duly authorised to act as a nominee and who is registered as such for the relevant Security) or any other person acknowledged as the holder of the Security pursuant to the CA Rules and, accordingly, where the relevant Securities are held through a duly authorised nominee, the nominee shall be the Securityholder. The Securityholder shall, for all purposes, be treated by the Issuer, the Issuing Agent and the Security Agents (§ 11 (1)) as the person entitled to such Securities and the person entitled to receive the benefits of the rights represented by such Securities.

Title to the Securities will pass by transfer between accountholders at the Clearing System perfected in accordance with the relevant CA Rules.

(3) Status of the Securities

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

§ 5

Settlement; Period of Presentation; Prescription

(1) Settlement of the Securities

The Issuer will, subject to a Market Disruption (§ 10), procure that the payment of the Redemption Amount or of the Termination Amount or of any other amount payable under the Conditions in relation to the relevant Maturity Date in the Redemption Currency occurs on the relevant Maturity Date in accordance with the relevant CA Rules.

Payments shall, in all cases subject to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, be made in accordance with the relevant CA Rules to the relevant Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.

The prescription period for claims of a Securityholder against the Issuer for the payment of principal shall be ten (10) years from the due date for such payment.

(2) Discharging effect

The Issuer shall be discharged from its redemption obligations or any other payment obligations under these Conditions of the Securities by delivery to the Clearing System in the manner described above.

(3) Taxes, fees or other duties

All present and future taxes, fees or other duties in connection with the Securities shall be borne and paid by the Securityholders. The Issuer and the Paying Agent, as the case may be, are entitled, but not obliged,

to withhold from any required performance under these Conditions any such taxes, fees and/or duties payable by the Securityholder in accordance with the preceding sentence (including, for the avoidance of doubt, any withholding or deduction required by Sections 871(m) ("**871(m)**") and 1471 to 1474 ("**FATCA**") of the U.S. Internal Revenue Code of 1986, any treaty, law, regulation or other official guidance implementing FATCA, or any agreement (or related guidance) between the Issuer, the Paying Agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA) and none of the Issuer, the Paying Agent or any other person shall be required to pay any additional amounts with respect to any FATCA or 871(m) withholding or deduction imposed on or with respect to any Securities.

§ 6 Adjustments in connection with a Share

(1) Consequences of the occurrence of a Potential Adjustment Event

In the case of the occurrence of a Potential Adjustment Event (§ 6 (2)), the Issuer shall be entitled to adjust any variable, calculation methodology, valuation, settlement, payment terms or any other terms in these Conditions in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on the share used as the Underlying traded on the Relevant Futures and Options Exchange (the "**Option Contracts**") provided that the Adjustment Record Date (as defined below) is prior to or on the Valuation Date.

If no such Option Contracts are being traded on the Relevant Futures and Options Exchange, the adjustments may be made by the Issuer in a manner as relevant adjustments would be made by the Relevant Futures and Options Exchange if those Option Contracts were traded on the Relevant Futures and Options Exchange.

The "**Adjustment Record Date**" means the first trading day on the Relevant Futures and Options Exchange on which the adjusted Option Contracts on the Underlying are traded or would be traded if those Option Contracts were traded on the Relevant Futures and Options Exchange.

(2) Occurrence of a Potential Adjustment Event

A "**Potential Adjustment Event**" means any measure in relation to the share, which gives reason, or would give reason, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be, to the Relevant Futures and Options Exchange for an adjustment to the strike, the contract volume of the underlying, the ratio of the underlying or to the quotation of the stock exchange relevant for the calculation and determination of the price of the underlying.

Potential Adjustment Events are, *in particular*, but not limited to, the following measures, whereas, however, subject to § 6 (3) of these Conditions, the *de facto* or hypothetical decision of the Relevant Futures and Options Exchange that a Potential Adjustment Event has occurred is conclusive:

- (i) The stock corporation, the share(s) of which is/are used as the Underlying (the "**Company**") increases its share capital against deposits/contributions granting a direct or indirect subscription right to its shareholders, capital increase out of the Company's own funds, through the issuance of new shares, directly or indirectly granting a right to its shareholders to subscribe for bonds or other securities with option or conversion rights to shares.
- (ii) The Company decreases its share capital through cancellation or combination of shares of the Company. No Potential Adjustment Event shall occur, if the capital decrease is effected by way of reduction of the nominal amount of the shares of the Company.
- (iii) The Company grants exceptionally high dividends, bonuses or other cash or non-cash distributions ("**Special Distributions**") to its shareholders. The distributions of regular dividends, which do not constitute Special Distributions, do not create any Potential Adjustment Event. With regard to the differentiation between regular dividends and Special Distributions, the differentiation made by the Relevant Futures and Options Exchange shall prevail.
- (iv) In the case of a stock split (reduction of the nominal amount and corresponding increase in the number of shares without a change in the share capital) or a similar measure.

- (v) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz*), the German Law regulating the Transformation of Companies (*Umwandlungsgesetz*) or any other similar proceeding under the jurisdiction applicable to and governing the Company to convert existing shares of the Company to new shares or to shares of another stock corporation.
- (vi) Take-over of shares of the Company by a shareholder in the course of a tender offer in accordance with the German Securities Acquisition and Take-over Act or with any other similar provision under the jurisdiction applicable to and governing the Company.
- (vii) The Company spins off any part of the Company so that a new independent enterprise is created or any part of the Company is absorbed by a third company, the Company's shareholders are granted shares in the new company or the absorbing company free of charge or at a price below the market price and therefore a market price or price quotation may be determined for the shares granted to the shareholders.
- (viii) The quotation of or trading in the shares of the Company on the Relevant Exchange is permanently discontinued due to a merger or a new company formation, or for any other comparable reason, in particular as a result of a delisting of the Company. The Issuer's right of termination in accordance with § 8 of these Conditions remains unaffected.

The provisions set out above shall apply *mutatis mutandis* to events other than those mentioned above, if the Issuer and the Calculation Agent, upon exercise of their reasonable discretion, determine that the economic effects of these events are comparable and may have an impact on the calculational value of the shares.

(3) Deviations by the Issuer from the Relevant Futures and Options Exchange

The Issuer shall be entitled to deviate from the adjustments made by the Relevant Futures and Options Exchange, should the Issuer consider it necessary in order to account for existing differences between the Securities and the Option Contracts traded on the Relevant Futures and Options Exchange. Irrespective of, whether or how adjustments are *de facto* effected by the Relevant Futures and Options Exchange, the Issuer is entitled to effect adjustments for the purpose to reconstitute to the extent possible the Securityholders' economic status prior to the measures as described in § 6 (2) of these Conditions.

(4) Successor Underlying

In the event that the share ceases to exist and/or is replaced by a successor share (by any parties other than the Issuer) (a "**Replacement Event**"), the Issuer and the Calculation Agent shall, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions, determine at their reasonable discretion, after having made appropriate adjustments according to the paragraph above, which underlying, economically equal to the underlying concept of the share used as the Underlying shall be applicable in the future (the "**Successor Underlying**") and to replace the Underlying by the Successor Underlying. The Successor Underlying and the date it is applied for the first time shall be published without undue delay in accordance with § 13 of these Conditions.

Any reference in these Conditions to the Underlying shall, to the extent appropriate, be deemed to refer to the Successor Underlying.

(5) Determination of a Substitute Exchange

If the quotation of or trading in the share on the Relevant Exchange is permanently discontinued while concurrently a quotation or trading is started up or maintained on another stock exchange, the Issuer shall be entitled to stipulate such other stock exchange as new Relevant Exchange (the "**Substitute Exchange**") through publication in accordance with § 13 of these Conditions, provided that the Issuer has not terminated the Securities in accordance with § 8 of these Conditions. In the case of such a substitution, any reference in these Conditions to the Relevant Exchange thereafter shall be deemed to refer to the Substitute Exchange. The adjustment described above shall be published in accordance with § 13 of these Conditions upon the expiry of one month following the permanent discontinuation of the quotation of or trading in the Underlying on the Relevant Exchange, at the latest.

(6) Corrected Price

In the event that the price of the share used as the Underlying as determined and published by the Relevant Exchange is subsequently corrected and the correction (the "**Corrected Price**") is published by the Relevant Exchange after the original publication, but still within one Settlement Cycle, the Issuer and the Calculation Agent shall be entitled to effect, under consideration of the Corrected Price, adjustments to these Conditions at their reasonable discretion, to account for the correction. The adjustment and the date it is applied for the first time shall be published without undue delay in accordance with § 13 of these Conditions.

(7) Making of Adjustments and Determinations; Publication

Adjustments and determinations pursuant to the paragraphs above shall be effected by the Issuer or, as the case may be, by the Calculation Agent, at its reasonable discretion, under consideration of the market conditions then prevailing and preserving the value of the Securities. The Issuer reserves the right to determine at its reasonable discretion in cases of doubt (i) the applicability of the adjustment rules of the Relevant Futures and Options Exchange and (ii) the required adjustment. Any adjustment or determination shall be published by the Issuer in accordance with § 13 of these Conditions and shall be final, conclusive and binding on all parties, except where there is a manifest error.

(8) Effectiveness of Adjustments and Determinations

Any adjustment and determination will become effective as of the time at which the relevant adjustments become effective on the Relevant Futures and Options Exchange or would become effective, if the Option Contracts were traded on the Relevant Futures and Options Exchange, as the case may be.

§ 7
**Adjustments due to the European Economic
 and Monetary Union**

(1) Redenomination

Where a country participates in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, the Issuer and the Calculation Agent at their reasonable discretion, shall be entitled to effect the following adjustments to these Conditions:

- (i) Where the Redemption Currency under these Conditions is the national currency unit other than Euro of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such Redemption Currency shall be deemed to be an amount of Euro converted from the original Redemption Currency into Euro at the statutory applicable exchange rate and subject to such statutory applicable rounding provisions.

After the adjustment, all payments in respect of the Securities will be made solely in Euro as though references in the Securities to the Redemption Currency were to Euro.

- (ii) Where these Conditions contain a currency conversion rate or any of these Conditions are expressed in a currency of a country which is participating in the third stage of the European Economic and Monetary Union, whether as from 1999 or after such date, such currency conversion rate and/or any other terms of these Conditions shall be deemed to be expressed in or, in the case of a currency conversion rate, converted for or, as the case may be, into, Euro at the statutory applicable exchange rate.
- (iii) The Issuer and the Calculation Agent are entitled to adjust these Conditions as they may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (iv) The Issuer and the Calculation Agent at their reasonable discretion shall be entitled to make such adjustments to these Conditions as they may determine to be appropriate to account for the effect of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community on these Conditions.

(2) No liability of the Issuer and the Security Agents

The Issuer and the Security Agents (§ 11) shall not be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.

(3) Publication

The adjustments and determinations of the Issuer pursuant to the paragraphs above shall be effected by the Issuer at its reasonable discretion or, as the case may be, by the Calculation Agent and shall be published by the Issuer in accordance with § 13 of these Conditions. Any adjustment and determination shall be final, conclusive and binding on all parties, except where there is a manifest error.

§ 8**Extraordinary Termination Right of the Issuer****(1) Termination by the Issuer**

The Issuer shall in the case of the occurrence of one of the following Termination Events be entitled to terminate and redeem all but not some of the Securities by giving notice to the Securityholders in accordance with § 13 of these Conditions. Such termination shall become effective at the time of the notice in accordance with § 13 of these Conditions or at the time indicated in the notice (the "**Termination Date**").

(2) Occurrence of a Termination Event

A "**Termination Event**" means any of the following events:

- (a) The determination and/or publication of the Price of the Underlying is discontinued permanently, or the Issuer or the Calculation Agent obtains knowledge about the intention to do so.
- (b) Adjustments pursuant to § 6 of these Conditions are not possible or not justifiable with regard to the Issuer and/or the Securityholders.
- (c) In the opinion of the Calculation Agent at its reasonable discretion, another material change in the market conditions occurred in relation to the Relevant Exchange.
- (d) The occurrence of any Additional Termination Event as defined in the section "Part 1: Key Terms and Definitions of the Securities" of these Conditions.
- (e) The occurrence of a Change in Law and/or a Hedging Disruption and/or an Increased Cost of Hedging.

In this context:

"**Change in Law**" means that at the reasonable discretion of the Issuer due to

- (i) the coming into effect of changes in laws or regulations (including but not limited to tax laws) or
- (ii) a change in relevant case law or administrative practice (including but not limited to the administrative practice of the tax authorities),
- (A) the holding, acquisition or sale of the Underlying is or becomes wholly or partially illegal or
- (B) the costs associated with the obligations under the Securities have increased substantially (including but not limited to an increase in tax obligations, the reduction of tax benefits or negative consequences with regard to tax treatment),

if such changes become effective on or after the Issue Date of the Securities.

"**Hedging Disruption**" means that the Issuer is not able to

- (i) close, continue or carry out transactions or acquire, exchange, hold or sell assets (respectively) which at the reasonable discretion of the Issuer are needed by the Issuer in order to provide protection against price risk or other risks with regard to obligations under the Securities, or
- (ii) realise, reclaim or pass on proceeds from such transactions or assets (respectively)

under conditions which are economically substantially equal to those on the Issue Date of the Securities.

"Increased Cost of Hedging" means that the Issuer has to pay a substantially higher amount of taxes, duties, expenditures and fees (with the exception of broker fees) compared to the Issue Date in order to

- (i) close, continue or carry out transactions or acquire, exchange, hold or sell assets (respectively) which at the reasonable discretion of the Issuer are needed in order to provide protection against price risk or other risks with regard to obligations under the Securities, or
- (ii) realise, reclaim or pass on proceeds from such transactions or assets, respectively,

with increased costs due to a deterioration of the creditworthiness of the Issuer not to be considered Increased Cost of Hedging.

(3) Payment of the Termination Amount

In the case of termination by the Issuer the Issuer shall pay to each Securityholder with respect to each Security it holds the Termination Amount.

§ 9 Taxes

Payments in respect of the Securities shall in all cases only be made after deduction and withholding of current or future taxes, fees or other duties regardless of their nature, which are imposed, levied or collected (the **"Taxes"**) under any applicable system of law or in any country which claims fiscal jurisdiction by or for the account of any political subdivision thereof or government agency therein authorised to levy Taxes, to the extent that such deduction or withholding is required by law or administrative practice. The Issuer shall account for the deducted or withheld Taxes with the competent government agencies.

§ 10 Market Disruptions

(1) Consequences of a Market Disruption

If, in the opinion of the Issuer and the Calculation Agent at their reasonable, a Market Disruption (§ 10) prevails on any day in respect of which the Issuer or the Calculation Agent, as the case may be, is in accordance with these Conditions required to determine the Price of the Underlying (such date is referred to as the **"Scheduled Determination Date"**), the Scheduled Determination Date in relation to the affected Underlying shall be postponed to the next succeeding Underlying Calculation Date, on which no Market Disruption prevails. The Issuer shall endeavour to notify the parties pursuant to § 13 of these Conditions without delay of the occurrence of a Market Disruption. However, there is no notification obligation.

(2) Continuance of a Market Disruption

If the Scheduled Determination Date has been postponed, due to the provisions of § 10 (1), by eight Underlying Calculation Dates, and if the Market Disruption continues to prevail on this day, this day shall be the relevant day in respect of which the Issuer or the Calculation Agent, as the case may be, shall make its determination in accordance with these Conditions in relation to the affected Underlying.

No further postponement shall take place.

The Calculation Agent will then, at its reasonable discretion and taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant, estimate the relevant Price of the affected Underlying in relation to the postponed

Scheduled Determination Date, (which for the avoidance of doubt could be zero (0)) on the basis of the latest Prices of the affected Underlying available to the Issuer or the Calculation Agent, taking into account the economic position of the Securityholders.

If, in the opinion of the Calculation Agent at its reasonable discretion, an estimate in accordance with the preceding sub-paragraph is, for whatsoever reason, not possible, the Issuer and the Calculation Agent will, at their reasonable discretion and taking into account (i) the market conditions then prevailing, (ii) such other conditions or factors as the Issuer and the Calculation Agent reasonably consider to be relevant and (iii) the expenses of the Issuer, if any, caused by the Market Disruption and (iv) taking into account the economic position of the Securityholders, determine whether and in which amount, if applicable, the Issuer will make payment of a redemption amount in the Redemption Currency. The provisions of these Conditions relating to the Redemption Amount shall apply *mutatis mutandis* to such payment.

(3) Occurrence of a Market Disruption

A “**Market Disruption**” shall mean in relation to a share used as the Underlying:

- (a) a suspension or a failure of the announcement of the price of the share on any day relevant for determining any amounts under these Conditions or
- (b) a limitation, suspension or disruption of or, subject to the following provisions, a restriction imposed on trading, the latter of which the Calculation Agent at its reasonable discretion considers significant,
 - (i) on the Relevant Exchange in general (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (ii) on the Relevant Exchange in the share provided that a major number or a major part in terms of market capitalisation is affected (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange), or
 - (iii) on the Relevant Futures and Options Exchange, if Option Contracts on the share are traded there, or
 - (iv) due to a directive of an authority or of the Relevant Exchange (e.g. due to movements in price exceeding limits permitted by the Relevant Exchange) or due to a moratorium, which is declared in respect of banking activities in the country, in which the Relevant Exchange is located, or due to any other reasons whatsoever.
- (c) The relevant price is a “limit price”, which means that the price for the share for a day has increased or decreased from the immediately preceding day’s relevant price by the maximum amount permitted under applicable rules of the Relevant Exchange.
- (d) The occurrence of any other event that, in the opinion of the Calculation Agent at its reasonable discretion, disrupts or impairs the ability of market participants in general to effect transactions in, or obtain market values for the share.

Any closing prior to the scheduled trading time or any restriction of the hours or the number of days during which trading takes place is not deemed to be a Market Disruption, if the restriction is based on a change in regular trading hours on the Relevant Exchange announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the regular trading hours on the Relevant Exchange or (ii) the submission deadline for orders entered into the Relevant Exchange for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits shall only be deemed to be a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

§ 11 Security Agents

(1) General

The Calculation Agent and the Paying Agent (the "**Security Agents**") shall assume the role as Security Agent in accordance with these Conditions.

(2) Vicarious Agent

Each of the Security Agents acts exclusively as vicarious agent of the Issuer and has no obligations to the Securityholder.

Each of the Security Agents is exempt from the restrictions under § 181 of the German Civil Code ("**BGB**").

(3) Replacement, Appointment and Revocation

The Issuer is entitled at any time to replace any or all of the Security Agents by another company, to appoint one or several additional Security Agents, and to revoke their appointments. Such replacement, appointment and revocation shall be notified in accordance with § 13 of these Conditions.

(4) Resignation of Security Agents

Each of the Security Agents is entitled to resign at any time from its function upon prior written notice to the Issuer. Such resignation shall only become effective if another company is appointed by the Issuer as Calculation Agent or as Paying Agent, as the case may be. Resignation and appointment are notified in accordance with § 13 of these Conditions.

§ 12 Substitution of the Issuer

(1) Substitution of the Issuer

Provided that the Issuer is not in default with its obligations under the Securities, the Issuer is at any time entitled, without the consent of the Securityholders, to substitute another company within the UBS Group as issuer (the "**Substitute Issuer**") with respect to all obligations under or in connection with the Securities, if

- (i) the Substitute Issuer assumes all obligations of the Issuer under or in connection with the Securities,
- (ii) (A) the Issuer and the Substitute Issuer have obtained all necessary authorisations as well as consents, in particular, where necessary, of the Clearing System, and (B) may transfer to the Principal Paying Agent in the Redemption Currency and without being obligated to deduct or withhold taxes or other duties of whatever nature levied by the country, in which the Substitute Issuer or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Securities;
- (iii) the Substitute Issuer has agreed to indemnify and hold harmless each Securityholder against any tax, duty or other governmental charge imposed on such Securityholder in respect of such substitution;
- (iv) the Issuer unconditionally and irrevocably guarantees the obligations of the Substitute Issuer.

(2) References

In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Issuer. Furthermore, any reference to the country, in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Issuer.

(3) Publication

The substitution of the Issuer shall be final, binding and conclusive on the Securityholders and will be notified to the Securityholders without undue delay in accordance with § 13 of these Conditions.

**§ 13
Publications**

(1) General

To the extent these Conditions provide for a notice pursuant to this § 13 of these Conditions, these will be published on the website of the Issuer at www.ubs.com/keyinvest and become effective vis-à-vis the Securityholders through such publication unless the notice provides for a later effective date.

If and to the extent that binding provisions of effective law or stock exchange provisions provide for other forms of publication, such publications must be made in addition and as provided for.

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

(2) Notification to the Clearing System

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

**§ 14
Issue of further Securities; Purchase of Securities; Cancellation**

(1) Issue of further Securities

The Issuer is entitled at any time to issue, without the consent of the Securityholders, further securities having the same terms and conditions as the Securities so that the same shall be consolidated and form a single series with such Securities, and references to "Security" shall be construed accordingly.

(2) Purchase of Securities

The Issuer and any of its subsidiaries is entitled at any time to purchase, without the consent of the Securityholders, Securities at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Securityholders alike. Such Securities may be held, reissued, resold or cancelled, all at the option of the Issuer.

(3) Cancellation of Securities

All Securities redeemed in full shall be cancelled forthwith and may not be reissued or resold.

**§ 15
Language**

These Conditions are written in the English language.

§ 16 Governing Law; Jurisdiction

(1) Governing Law

The form and content of the Securities as well as all rights and duties arising from the matters provided for in these Conditions shall, subject to § 16 (2) of these Conditions in every respect be governed by, and shall be construed in accordance with, the laws of the Federal Republic of Germany. Any reference to reasonable discretion in the Conditions shall be construed as references to reasonable discretion in accordance with § 315 BGB or §§ 315, 317 BGB, as the case may be.

The legal effects of the registration of the Securities with the Clearing System will be governed by applicable CA Rules and the laws of the jurisdiction, where the Clearing System has its registered seat.

(2) Jurisdiction

The District Court (*Landgericht*) of Frankfurt am Main shall have jurisdiction to settle any proceedings that may arise out of or in connection with any Securities and accordingly any proceedings may be brought in such court. The Issuer irrevocably submits to the jurisdiction of the District Court (*Landgericht*) of Frankfurt am Main and waives any objection to proceedings in such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of Securityholder and shall not affect the right of any Securityholders to take proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

The Issuer hereby appoints UBS Europe SE, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main, Federal Republic of Germany, as its agent in the Federal Republic of Germany to receive service of process in any proceedings under or in connection with the Securities in the Federal Republic of Germany (the "**Agent of Process**"). If, for any reason, such Agent of Process ceases to act as such or no longer has an address in the Federal Republic of Germany, the Issuer agrees to appoint a substitute agent of process in the Federal Republic of Germany. Nothing herein shall affect the right to serve the process in any other manner permitted by law.

§ 17 Corrections; Severability

(1) Issuer's right for a Rescission

Obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, including those where the information provided clearly cannot be reconciled with the Issue Price or value-determining factors of the Security, entitle the Issuer for a rescission. Immediate notice of such rescission shall be given in accordance with § 13 of these Conditions as soon as the Issuer has become aware of the relevant error. The publication shall make reference to § 17 of these Conditions and indicate the information in the Conditions affected by the error. The term of the Securities ends with immediate effect as a result of the rescission.

(2) Corrections; Securityholder's Right for Termination

If the Issuer does not make use of its right of rescission, it may correct obvious spelling and calculation errors as well as similar obvious inaccuracies by correcting the Conditions. A correction of the Conditions is to be notified immediately in accordance with § 13 of these Conditions and with reference to this § 17 of these Conditions as soon as the Issuer becomes aware of the error concerned.

In this case, however, each Securityholder is entitled to terminate the Securities held by it prior to the correction of these Conditions taking effect. Such a termination must be made by notifying the Principal Paying Agent in writing within four weeks of the publication of the correction. The termination shall take effect upon receipt by the Issuer of the notice of redemption.

The Issuer determines the content of the correction on the basis of the information that would have been provided if the error had not occurred. The correction must be reasonable for the Securityholders taking into account the economic purpose of the Securities. This is only the case if, as a result of the correction,

the economic value of the Securities is adjusted to their Issue Price at the time of issue. The correction takes effect four weeks after the day of notification and the publication must make reference to this four-week deadline and the Securityholders' redemption right.

(3) Compensation

In the event of a challenge by the Issuer in accordance with § 17 (1) of these Conditions or a termination by Securityholders in accordance with § 17 (2) of these Conditions, the affected Securityholders will receive an amount in the Redemption Currency equal to the market price of the Securities on the day, when the rescission or redemption becomes effective; the resulting payment is due on the fifth Banking Day after this date.

If a Securityholder proves that the market price is lower than the amount he/she paid to acquire the Securities, less any payments already made by the Issuer, he/she will be entitled to the corresponding amount.

This does not affect the Securityholder's right to claim damages for any loss incurred as a result of negative interest (*Vertrauensschaden*) in accordance with § 122 (1) BGB.

For Securities listed in the regulated market or unregulated market segment at a stock exchange (referred to in the following as "**Listing**") the market price shall be the closing price published by the stock exchange on the relevant date. In the case of multiple stock exchanges this shall be the closing price at the stock exchange where the largest turnover of the Securities took place at last. If a closing price was not published on this date or if a Market Disruption occurred, the provisions of § 10 (2) of these Conditions shall apply *mutatis mutandis*.

In the case of Securities without a Listing, the market price shall be determined by the Calculation Agent in its reasonable discretion and in consultation with an independent expert named by the Calculation Agent.

(4) Abuse of Rights

If the obvious spelling and calculation errors as well as similar obvious inaccuracies in the Conditions, and its correct content, are clearly apparent to an expert investor for the relevant Security, and if the difference between the erroneous and correct content gives rise to a market price of the Security, based on the erroneous content, which is more than 30 % higher at the time of the initial issue of the Securities, the correct content shall apply in place of the erroneous content.

The Issuer may also invoke the unlawful application of an erroneous term against individual Securityholders where this is appropriate to the circumstances of individual cases.

(5) Invalidity in whole or in part

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