

Supplement No. 21 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, London Branch, dated 20 October 2005,

concerning the issue of

[Call] [Put] Warrants, HIT [Call] [Put] Warrants, Lock Out [Call] [Put] Warrants, Double Lock Out Warrants, [Turbo Long-] [Turbo Short-] Warrants, Digital [Call] [Put] Warrants and Hamster Warrants

at the same time

Supplement No. 19 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 20 October 2005,

concerning the issue of

[Discount] [Discount PLUS] [Sprint] [Multibloc] Certificates

at the same time

Supplement No. 22 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 5 January 2006,

concerning the issue of

UBS [Performance Certificates without settlement formula] [Performance-Certificates with settlement formula] [Outperformance Certificates] [Relative Performance Plus Certificates] [Open-End Certificates without settlement formula] [Open-End Certificates with settlement formula] [S²MART Certificates] [Super S²MART Certificates] [Bonus Certificates] [Bonus Plus Certificates] [Bonus Extra Plus Certificates] [Express Certificates] [Express Kick-In Certificates] [Express Plus Certificates] [Easy Express Certificates] [Express XL Certificates]

at the same time

Supplement No. 20 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 1 March 2006,

concerning the issue of

UBS [Capital Protected] Gearing Certificates

at the same time

Supplement No. 18 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, London Branch, dated 28 March 2006,

concerning the issue of

A(lternative) I(nvestment) S(trategies) Index - Certificates

at the same time

Supplement No. 19 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, London Branch, dated 11 July 2006,

concerning the issue of

UBS [TWIN-WIN] [•] Certificates

at the same time

Supplement No. 19 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, London Branch, dated 11 July 2006,

concerning the issue of

UBS Reverse [(Capped)] Bonus Certificates

at the same time

Supplement No. 20 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, London Branch, dated 16 November 2006,

concerning the issue of

UBS [[Call] [or, as the case may be,] [Put] Warrants] [Hit [Call] [or, as the case may be,] [Put] Warrants] [Lock Out [Call] [or, as the case may be,] [Put] Warrants] [Double Lock Out Warrants] [[Turbo Long-] [or, as the case may be,] [Turbo Short-] Warrants] [Digital [Call] [or, as the case may be,] [Put] Warrants] [Hamster Warrants]

at the same time

Supplement No. 21 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 17 November 2006,

concerning the issue of

UBS [Discount Certificates] [Discount PLUS Certificates] [Sprint [PLUS] Certificates] [Multibloc Certificates] [[Easy] [Outperformance [(Capped)]] Express [Kick-In] [PLUS] [XL] [Bonus] Certificates] [Callable Yield Certificates]

at the same time

Supplement No. 24 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 25 January 2007,

concerning the issue of

UBS [[Performance] [PERLES] [(Capped)] Certificates [without] [with] settlement formula] [Outperformance [(Capped)] Certificates] [Relative Performance Plus Certificates] [Open-End [(Capped)] Certificates [without] [with] settlement formula] [[Super] S²MART Certificates] [[Lock-In] Bonus [(Capped)] [Extra] [Plus] [Flex] Certificates]

at the same time

Supplement No. 20 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, London Branch, dated 20 March 2007,

concerning the issue of

- Series 2007-[●] Up to CHF [●] 100% Principal Protected Type A Notes linked to the [●] CHF Protected Index
- Series 2007-[●] Up to CHF [●] 100% Principal Protected Type B Notes linked to the [●] CHF Protected Index ((i) and (ii) together, the CHF Notes) (for marketing purposes these securities are known as "[●] CHF Index Notes")
- Series 2007-[●] Up to EUR [●] 100% Principal Protected Type A Notes linked to the [●] EUR Protected Index
- Series 2007-[●] Up to EUR [●] 100% Principal Protected Type B Notes linked to the [●] EUR Protected Index ((iii) and (iv) together, the EUR Notes) (for marketing purposes these securities are known as the "[●] EUR Index Notes")
- Series 2007-[●] Up to USD [●] 100% Principal Protected Type A Notes linked to the [●] USD Protected Index
- Series 2007-[●] Up to USD [●] 100% Principal Protected Type B Notes linked to the [●] USD Protected Index ((v) and (vi) together, the USD Notes and, together with the CHF Notes and the EUR Notes, the Notes) (for marketing purposes these securities are known as "[●] USD Index Notes")

as well as for the

- Series 2007-[●] Up to CHF [●] Type A Certificates linked to the [●] CHF Index
- Series 2007-[●] Up to CHF [●] Type B Certificates linked to the [●] CHF Index ((vii) and (viii) together, the CHF Certificates) (for marketing purposes these securities are known as "[●] CHF Index Certificates")
- Series 2007-[●] Up to EUR [●] Type A Certificates linked to the [●] EUR Index
- Series 2007-[●] Up to EUR [●] Type B Certificates linked to the [●] EUR Index ((ix) and (x) together, the EUR Certificates) (for marketing purposes these securities are known as "[●] EUR Index Certificates")
- Series 2007-[●] Up to USD [●] Type A Certificates linked to the [●] USD Index
- Series 2007-[●] Up to USD [●] Type B Certificates linked to the [●] USD Index ((xi) and (xii) together, the USD Certificates) (for marketing purposes these securities are known as "[●] USD Certificates")

at the same time

Supplement No. 24 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 12 April 2007,

concerning the issue of

UBS [Capital Protected] [Gearing] [●] [(Capped)] Certificates

at the same time

Supplement No. 20 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 17 April 2007,

concerning the issue of

UBS [Capital Protected] [A(ternative) I(nvestment) S(trategies)] [●] Index [(Capped)]-Certificates

at the same time

Supplement No. 18 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 17 August 2007

concerning the issue of

UBS [Capital Protected] [A(ternative) I(nvestment) S(trategies)] [●] [Portfolio] [(Capped)] Certificates

at the same time

Supplement No. 23 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London][Jersey] Branch, dated 13 November 2007,

concerning the issue of

UBS [Capital Protected] [[Call] [or, as the case may be,] [Put]] [Hit [Call] [or, as the case may be,] [Put]] [Lock Out [Call] [or, as the case may be,] [Put]] [Double Lock Out] [[Turbo Long-] [or, as the case may be,] [Turbo Short-]] [Digital [Call] [or, as the case may be,] [Put]] [Hamster] [●] [(Capped)] Warrants

at the same time

Supplement No. 22 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 23 November 2007,

concerning the issue of

UBS [Capital Protected] [Discount [PLUS]] [Sprint [PLUS]] [Multibloc] [[Easy] [Outperformance [Express]] [Kick-In] [PLUS] [XL] [Bonus]] [Callable Yield] [●] [(Capped)] Certificates

at the same time

Supplement No. 20 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 20 December 2007,

concerning the issue of

UBS [Capital Protected] [Bonus] [Express] [Reverse] [Lock-in] [(Capped)] Certificates

at the same time

Supplement No. 20 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 21 January 2008,

concerning the issue of

UBS [Capital Protected] [[Performance] [PERLES]] [Outperformance] [Relative Performance Plus] [Open-End] [[Super] S²MART] [[Lock-In] Bonus [Extra] [Plus] [Flex]] [(Capped)] Certificates [[without] [with] settlement formula]

at the same time

Supplement No. 18 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG [Zurich], [London] [Jersey] Branch, dated 29 February 2008,

concerning the issue of

UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [Reverse] [Performance] [Tracker] [(Capped)] Certificates

at the same time

Supplement No. 17 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG [London] [Jersey] Branch, dated 18 April 2008,

concerning the issue of

UBS [Capital Protected] [Gearing] [(Capped)] Certificates

at the same time

Supplement No. 17 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 the already published (single document) Base Prospectus of UBS AG [Zurich], [London] [Jersey] Branch, dated 2 May 2008,

concerning the issue of

UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [●] [Portfolio] [(Capped)] Certificates

at the same time

Supplement No. 17 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 27 May 2008,

concerning the issue of

UBS [Capital Protected] [Kick-In] [GOAL] [(Capped)] Notes

at the same time

Supplement No. 14 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 16 June 2008,

in relation to the
Structured Warrant Programme

at the same time

Supplement No. 16 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 14 July 2008,

concerning the issue of

UBS [Capital Protected] [Champion] [Express] [(Capped)] Certificates

at the same time]

Supplement No. 14 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 25 November 2008,

concerning the issue of

UBS [Capital Protected] [Discount [PLUS]] [Sprint [PLUS]] [Multibloc] [[Easy] [Outperformance [Express] [Kick-In] [PLUS] [XL] [Bonus]] [Callable Yield] [Reverse] [Champion] [Express] [(Capped)] Certificates

at the same time

Supplement No. 14 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 17 December 2008,

concerning the issue of

UBS [Capital Protected] [Bonus] [Twin-Win] [Express] [Reverse] [Lock-In] [Basket] [Select] [(Capped)] [Certificates] [Notes]

at the same time

Supplement No. 13 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] Branch, dated 29 January 2009,

concerning the issue of

UBS [Capital Protected] [[Performance] [Express] [Reverse] [PERLES]] [Outperformance] [Relative Performance Plus] [Open-End] [[Super] S2MART] [[Lock-In] [Bonus] [Extra Plus] [Flex]] [(Capped)] Certificates

at the same time

Supplement No. 12 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 21 April 2009,

concerning the issue of
UBS [CAPITAL PROTECTED] [GEARING] [(CAPPED)] [Certificates] [Notes]

at the same time

Supplement No. 12 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 15 June 2009,

in relation to the
Structured Warrant Programme

at the same time

Supplement No. 13 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 21 October 2009,

in relation to the
Structured Warrant Programme

at the same time

Supplement No. 12 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 26 April 2010,

concerning the issue of
UBS [Capital Protected] [Gearing] [Capital Yield] [Champion] [Outperformance] [Easy] [Express] [Kick-In] [PLUS] [XL] [Bonus] [(Capped)] [Certificates] [Notes]

at the same time

Supplement No. 11 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 19 August 2010,

concerning the issue of
Securities

at the same time

Supplement No. 12 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 22 October 2010,

in relation to the
Structured Warrant Programme

at the same time

Supplement No. 12 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 3 December 2010,

concerning the issue of
Securities

at the same time

Supplement No. 9 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 14 October 2011,

in relation to the
Structured Warrant Programme

at the same time

Supplement No. 8 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 28 November 2011,

concerning the issue of
Securities

at the same time

Supplement No. 6 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 20 June 2012,

in relation to the
Structured Warrant Programme

at the same time

Supplement No. 6 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG, [London] [Jersey] [Branch], dated 20 June 2012,

concerning the issue of
Securities

at the same time

Supplement No. 5 pursuant to § 16 (1) of the German Securities Prospectus Act

dated 3 April 2013 to the already published (single document) Base Prospectus of UBS AG,

London Branch, dated 25 June 2012,

concerning the issue of
Open End Index Certificates

This supplement serves as update to the Base Prospectus mentioned above in connection to the following occurrence:

Publication of the annual report of UBS AG as per 31 December 2012 on 14 March 2013.

The attention of the investors is in particular drawn to the following: Investors who have already agreed to purchase or subscribe for the Notes, Certificates, Bonds or Securities, as the case may be, before this supplement is published have, pursuant to § 16 (3) of the German Securities Prospectus Act, the right, exercisable within a time limit of two working days after the publication of this supplement, to withdraw their acceptances, provided that the new circumstances or the incorrectness causing the supplement occurred before the closing of the public offering and before the delivery of the securities. A withdrawal, if any, of an order must be communicated in writing to the Issuer at its registered office specified in the address list hereof.

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- 1a)** In relation to the Base Prospectuses as listed introductory on pages 1 to 9 except for the Base Prospectuses dated 22 October 2010, 14 October 2011, 28 November 2011 and 20 June 2012, the section following the heading "Documents incorporated by Reference" is completely replaced as follows:

"The following documents shall be incorporated in, and form part of, this Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus:

Incorporated document	Referred to in	Information
- UBS Annual Report 2012, in English; page 35 - 51	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2012, in English; pages 441 – 442 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2012, in English; pages 225 – 227 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2012 (Financial Information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 316,		(v) Accounting Standards and Policies,
(vi) pages 321 - 322 (inclusive).		(vi) Report of the Group Auditors
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2012:
(i) page 323,		(i) Income Statement,
(ii) page 325,		(ii) Balance Sheet,
(iii) page 462,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 463 - 482 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 457 - 459,		(v) Parent Bank Review,
(vi) page 316 (inclusive),		(vi) Accounting Standards and Policies,
(vii) pages 483 - 484 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Annual Report 2011, in English; pages 30 - 46 (inclusive)	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2011, in English; pages 394 – 397 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2011, in English; pages 199 – 203 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2011 (Financial information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,

(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 282,		(v) Accounting Standards and Policies,
(vi) pages 287 - 288 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2011:
(i) page 414,		(i) Income Statement,
(ii) page 415,		(ii) Balance Sheet,
(iii) page 416,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 417 – 434 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 411 – 413 (inclusive),		(v) Parent Bank Review,
(vi) page 282,		(vi) Accounting Standards and Policies,
(vii) pages 435 – 436 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Quarterly Report 31 December 2012	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Information on the Issuer as of 31 December 2012
	- Business Overview	- Description of the Issuer's business groups
	- Major Shareholders of the Issuer	- Further details on UBS shares

- (a) the Annual Report 2012 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 3 April 2013 in relation to various Structured Note Programmes;
- (b) the Quarterly Report of UBS AG as of 31 December 2012 has been filed with the BaFin as appendix to the Supplement No. 4 as of 18 February 2013 to the Short Form Prospectus dated 11 May 2012;
- (c) the Annual Report 2011 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 19 April 2012 in relation to various Base Prospectuses.

Any information not listed above but contained in the documents incorporated by reference is either not relevant to investors or is covered elsewhere in the Base Prospectus."

1b) In relation to the Base Prospectus dated 22 October 2010, the section following the heading "Documents incorporated by Reference" is completely replaced as follows:

"The following documents shall be incorporated in, and form part of, this Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus:

Incorporated document	Referred to in	Information
- UBS Annual Report 2012, in English; page 35 - 51	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2012, in English; pages 441 – 442 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2012, in English; pages 225 – 227 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2012 (Financial Information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 316,		(v) Accounting Standards and Policies,
(vi) pages 321 - 322 (inclusive).		(vi) Report of the Group Auditors
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2012:
(i) page 323,		(i) Income Statement,
(ii) page 325,		(ii) Balance Sheet,
(iii) page 462,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 463 - 482 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 457 - 459,		(v) Parent Bank Review,
(vi) page 316 (inclusive),		(vi) Accounting Standards and Policies,
(vii) pages 483 - 484 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Annual Report 2011, in English; pages 30 - 46 (inclusive)	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2011, in English; pages 394 – 397 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2011, in English; pages 199 – 203 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2011 (Financial information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial

		Statements,
(v) page 282,		(v) Accounting Standards and Policies,
(vi) pages 287 - 288 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2011:
(i) page 414,		(i) Income Statement,
(ii) page 415,		(ii) Balance Sheet,
(iii) page 416,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 417 – 434 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 411 – 413 (inclusive),		(v) Parent Bank Review,
(vi) page 282,		(vi) Accounting Standards and Policies,
(vii) pages 435 – 436 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Quarterly Report 31 December 2012	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Information on the Issuer as of 31 December 2012
	- Business Overview	- Description of the Issuer's business groups
	- Major Shareholders of the Issuer	- Further details on UBS shares

- (a) the Annual Report 2012 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 3 April 2013 in relation to various Structured Note Programmes;
- (b) the Quarterly Report of UBS AG as of 31 December 2012 has been filed with the BaFin as appendix to the Supplement No. 4 as of 18 February 2013 to the Short Form Prospectus dated 11 May 2012;
- (c) the Annual Report 2011 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 19 April 2012 in relation to various Base Prospectuses.

In addition, the sections "Terms and Conditions of the Warrants" on pages 50 to 186 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 21 October 2009, as approved by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**"), shall be incorporated in, and form part of, the Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of the Base Prospectus.

Any information not listed above but contained in the documents incorporated by reference is either not relevant to investors or is covered elsewhere in the Base Prospectus."

1c) In relation to the Base Prospectus dated 14 October 2011, the section following the heading "Documents incorporated by Reference" is completely replaced as follows:

"The following documents shall be incorporated in, and form part of, this Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus:

Incorporated document	Referred to in	Information
- UBS Annual Report 2012, in English; page 35 - 51	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2012, in English; pages 441 – 442 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2012, in English; pages 225 – 227 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2012 (Financial Information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 316,		(v) Accounting Standards and Policies,
(vi) pages 321 - 322 (inclusive).		(vi) Report of the Group Auditors
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2012:
(i) page 323,		(i) Income Statement,
(ii) page 325,		(ii) Balance Sheet,
(iii) page 462,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 463 - 482 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 457 - 459,		(v) Parent Bank Review,
(vi) page 316 (inclusive),		(vi) Accounting Standards and Policies,
(vii) pages 483 - 484 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Annual Report 2011, in English; pages 30 - 46 (inclusive)	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2011, in English; pages 394 – 397 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2011, in English; pages 199 – 203 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2011 (Financial information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial

		Statements,
(v) page 282,		(v) Accounting Standards and Policies,
(vi) pages 287 - 288 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2011:
(i) page 414,		(i) Income Statement,
(ii) page 415,		(ii) Balance Sheet,
(iii) page 416,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 417 – 434 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 411 – 413 (inclusive),		(v) Parent Bank Review,
(vi) page 282,		(vi) Accounting Standards and Policies,
(vii) pages 435 – 436 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Quarterly Report 31 December 2012	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Information on the Issuer as of 31 December 2012
	- Business Overview	- Description of the Issuer's business groups
	- Major Shareholders of the Issuer	- Further details on UBS shares

- (a) the Annual Report 2012 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 3 April 2013 in relation to various Structured Note Programmes;
- (b) the Quarterly Report of UBS AG as of 31 December 2012 has been filed with the BaFin as appendix to the Supplement No. 4 as of 18 February 2013 to the Short Form Prospectus dated 11 May 2012;
- (c) the Annual Report 2011 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 19 April 2012 in relation to various Base Prospectuses.

In addition, (i) the sections "Terms and Conditions of the Warrants" on pages 50 to 186 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 21 October 2009, as approved by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**"), and (ii) the sections "Terms and Conditions of the Warrants" on pages 81 to 245 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 22 October 2010, as approved by BaFin, shall be incorporated in, and form part of, the Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of the Base Prospectus.

Any information not listed above but contained in the documents incorporated by reference is either not relevant to investors or is covered elsewhere in the Base Prospectus."

1d) In relation to the Base Prospectus dated 28 November 2011, the section following the heading "Documents incorporated by Reference" is completely replaced as follows:

"The following documents shall be incorporated in, and form part of, this Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus:

Incorporated document	Referred to in	Information
- UBS Annual Report 2012, in English; page 35 - 51	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2012, in English; pages 441 – 442 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2012, in English; pages 225 – 227 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2012 (Financial Information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year :
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 316,		(v) Accounting Standards and Policies,
(vi) pages 321 - 322 (inclusive).		(vi) Report of the Group Auditors
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2012:
(i) page 323,		(i) Income Statement,
(ii) page 325,		(ii) Balance Sheet,
(iii) page 462,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 463 - 482 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 457 - 459,		(v) Parent Bank Review,
(vi) page 316 (inclusive),		(vi) Accounting Standards and Policies,
(vii) pages 483 - 484 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Annual Report 2011, in English; pages 30 - 46 (inclusive)	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2011, in English; pages 394 – 397 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2011, in English; pages 199 – 203 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2011 (Financial information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial

		Statements,
(v) page 282,		(v) Accounting Standards and Policies,
(vi) pages 287 - 288 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2011:
(i) page 414,		(i) Income Statement,
(ii) page 415,		(ii) Balance Sheet,
(iii) page 416,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 417 – 434 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 411 – 413 (inclusive),		(v) Parent Bank Review,
(vi) page 282,		(vi) Accounting Standards and Policies,
(vii) pages 435 – 436 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Quarterly Report 31 December 2012	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Information on the Issuer as of 31 December 2012
	- Business Overview	- Description of the Issuer's business groups
	- Major Shareholders of the Issuer	- Further details on UBS shares

- (a) the Annual Report 2012 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 3 April 2013 in relation to various Structured Note Programmes;
- (b) the Quarterly Report of UBS AG as of 31 December 2012 has been filed with the BaFin as appendix to the Supplement No. 4 as of 18 February 2013 to the Short Form Prospectus dated 11 May 2012;
- (c) the Annual Report 2011 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 19 April 2012 in relation to various Base Prospectuses.

In addition, the sections "Terms and Conditions of the Securities" on pages 84 to 380 (including) of the base prospectus of UBS AG for the issue of Securities, dated 3 December 2010, as approved by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**"), shall be incorporated in, and form part of, the Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of the Base Prospectus.

Any information not listed above but contained in the documents incorporated by reference is either not relevant to investors or is covered elsewhere in the Base Prospectus."

1e) In relation to the Base Prospectus dated 20 June 2012 for the issue of Warrants, the section following the heading "Documents incorporated by Reference" is completely replaced as follows:

"The following documents shall be incorporated in, and form part of, this Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus:

Incorporated document	Referred to in	Information
- UBS Annual Report 2012, in English; page 35 - 51	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2012, in English; pages 441 – 442 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2012, in English; pages 225 – 227 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2012 (Financial Information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year :
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 316,		(v) Accounting Standards and Policies,
(vi) pages 321 - 322 (inclusive).		(vi) Report of the Group Auditors
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2012:
(i) page 323,		(i) Income Statement,
(ii) page 325,		(ii) Balance Sheet,
(iii) page 462,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 463 - 482 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 457 - 459,		(v) Parent Bank Review,
(vi) page 316 (inclusive),		(vi) Accounting Standards and Policies,
(vii) pages 483 - 484 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Annual Report 2011, in English; pages 30 - 46 (inclusive)	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2011, in English; pages 394 – 397 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2011, in English; pages 199 – 203 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2011 (Financial information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,

(v) page 282,		(v) Accounting Standards and Policies,
(vi) pages 287 - 288 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2011:
(i) page 414,		(i) Income Statement,
(ii) page 415,		(ii) Balance Sheet,
(iii) page 416,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 417 – 434 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 411 – 413 (inclusive),		(v) Parent Bank Review,
(vi) page 282,		(vi) Accounting Standards and Policies,
(vii) pages 435 – 436 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Quarterly Report 31 December 2012	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Information on the Issuer as of 31 December 2012
	- Business Overview	- Description of the Issuer's business groups
	- Major Shareholders of the Issuer	- Further details on UBS shares

The sections "Terms and Conditions of the Warrants" on pages 50 to 186 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 21 October 2009, as approved by the Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"</i>) are incorporated by reference in this Prospectus.
The sections "Terms and Conditions of the Warrants" on pages 81 to 245 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 22 October 2010, as approved by BaFin, are incorporated by reference in this Prospectus.
The sections "Terms and Conditions of the Warrants" on pages 86 to 262 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 14 October 2011, as approved by the BaFin, are incorporated by reference in this Prospectus.

- (a) the Annual Report 2012 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 3 April 2013 in relation to various Structured Note Programmes;
- (b) the Quarterly Report of UBS AG as of 31 December 2012 has been filed with the BaFin as appendix to the Supplement No. 4 as of 18 February 2013 to the Short Form Prospectus dated 11 May 2012;
- (c) the Annual Report 2011 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 19 April 2012 in relation to various Base Prospectuses.

(i) The sections "Terms and Conditions of the Warrants" on pages 50 to 186 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 21 October 2009, as approved by the BaFin, (ii) the sections "Terms and Conditions of the Warrants" on pages 81 to 245 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 22 October 2010, as approved by the BaFin, and (iii) the sections "Terms and Conditions of the Warrants" on pages 86 to 262 (including) of the base prospectus of UBS AG for the issue of Warrants, dated 14 October 2011, as approved by the BaFin, shall be incorporated in, and form part of, the Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus.

Any information not listed above but contained in the documents incorporated by reference is either not relevant to investors or is covered elsewhere in the Base Prospectus."

- 1f)** In relation to the Base Prospectus dated 20 June 2012 for the issue of Securities, the section following the heading "Documents incorporated by Reference" is completely replaced as follows:

"The following documents shall be incorporated in, and form part of, this Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus:

Incorporated document	Referred to in	Information
- UBS Annual Report 2012, in English; page 35 - 51	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2012, in English; pages 441 – 442 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2012, in English; pages 225 – 227 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2012 (Financial Information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year :
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 295 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 297 - 410 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 316,		(v) Accounting Standards and Policies,
(vi) pages 321 - 322 (inclusive).		(vi) Report of the Group Auditors
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2012:
(i) page 323,		(i) Income Statement,
(ii) page 325,		(ii) Balance Sheet,
(iii) page 462,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 463 - 482 (inclusive),		(iv) Notes to the Financial Statements,
(v) page 457 - 459,		(v) Parent Bank Review,
(vi) page 316 (inclusive),		(vi) Accounting Standards and Policies,
(vii) pages 483 - 484 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Annual Report 2011, in English; pages –0 - 46 (inclusive)	- Business Overview	- Description of the Issuer's business groups
- UBS Annual Report 2011, in English; pages 394 – 397 (inclusive)	- Organisational Structure of the Issuer	- Illustration of the key subsidiaries
- UBS Annual Report 2011, in English; pages 199 – 203 (inclusive)	- Major Shareholders of the Issuer	- Further details on UBS shares
- UBS Annual Report 2011 (Financial information Section), in English:	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Statements of UBS AG (Group) for the financial year:
(i) page 289,		(i) Income Statement,
(ii) page 291,		(ii) Balance Sheet,
(iii) pages 2–5 - 296 (inclusive),		(iii) Statement of Cash Flows,
(iv) pages 2–7 - 410 (inclusive),		(iv) Notes to the Financial

		Statements,
(v) page 282,		(v) Accounting Standards and Policies,
(vi) pages 2–7 - 288 (inclusive).		(vi) Report of the Group Auditors.
		- Financial Statements of UBS AG (Parent Bank) for the financial year 2011:
(i) page 414,		(i) Income Statement,
(ii) page 415,		(ii) Balance Sheet,
(iii) page 416,		(iii) Statement of Appropriation of Retained Earnings,
(iv) pages 417 – 434 (inclusive),		(iv) Notes to the Financial Statements,
(v) pages 411 – 413 (inclusive),		(v) Parent Bank Review,
(vi) page 282,		(vi) Accounting Standards and Policies,
(vii) pages 435 – 436 (inclusive).		(vii) Report of the Statutory Auditors.
- UBS Quarterly Report 31 December 2012	- Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	- Financial Information on the Issuer as of 31 December 2012
	- Business Overview	- Description of the Issuer's business groups
	- Major Shareholders of the Issuer	- Further details on UBS shares

The sections "Terms and Conditions of the Certificates" on pages 62 to 148 (including) and "Terms and Conditions of the Reference Portfolio linked Certificates" on pages 149 to 199 (including) of the base prospectus of UBS AG for the issue of Securities under the UBS A(lternative) I(nvestment) S(trategies) Programme dated 19 August 2010, as approved by the Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"</i>) are incorporated by reference in this Prospectus.
The sections "Terms and Conditions of the Securities" on pages 84 to 380 (including) of the base prospectus of UBS AG for the issue of Securities, dated 3 December 2010, as approved by the BaFin are incorporated by reference in this Prospectus.
The sections "Terms and Conditions of the Securities" on pages 91 to 400 (including) of the base prospectus of UBS AG for the issue of Securities, dated 28 November 2011, as approved by the BaFin, are incorporated by reference in this Prospectus.

- (a) the Annual Report 2012 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 3 April 2013 in relation to various Structured Note Programmes;
- (b) the Quarterly Report of UBS AG as of 31 December 2012 has been filed with the BaFin as appendix to the Supplement No. 4 as of 18 February 2013 to the Short Form Prospectus dated 11 May 2012;
- (c) the Annual Report 2011 of UBS AG has been filed with the BaFin as appendix to the Supplement dated 19 April 2012 in relation to various Base Prospectuses.

(i) The sections "Terms and Conditions of the Certificates" on pages 62 to 148 (including) and "Terms and Conditions of the Reference Portfolio linked Certificates" on pages 149 to 199 (including) of the base prospectus of UBS AG for the issue of Securities under the UBS A(lternative) I(nvestment) S(trategies) Programme dated 19 August 2010, as approved by the BaFin, (ii) the sections "Terms and Conditions of the Securities" on pages 84 to 380 (including) of the base prospectus of UBS AG for the issue of Securities, dated 3 December 2010, as approved by the BaFin and (iii) the sections "Terms and Conditions of the Securities" on pages 91 to 400 (including) of the base prospectus of UBS AG for the issue of Securities, dated 28 November 2011, as approved by the BaFin, shall be incorporated in, and form part of, the Base Prospectus and may be obtained free of charge at the registered offices of the Issuer for a period of twelve months after the publication of this Base Prospectus.

Any information not listed above but contained in the documents incorporated by reference is either not relevant to investors or is covered elsewhere in the Base Prospectus.”

- 2a)** In relation to the Base Prospectuses as listed introductory on pages 1 to 9 except for the Base Prospectuses as specified below in this section 2a), the subparagraphs headed
- Overview and
 - Selected Consolidated Financial Data

under the following bullet points in the section "Summary"

- "*Who is the Issuer*",
- "*What is the Issuer's financial situation?*"

and in relation to the Base Prospectus dated 20 March 2007 the subparagraphs headed

- Overview and
- Selected Consolidated Financial Data

under the following bullet points in the section "Summary"

- "*Issuer*",
- "*Issuer's financial situation*"

and in relation to the Base Prospectuses dated 16 June 2008, 15 June 2009, 21 October 2009, 26 April 2010, 19 August 2010, 22 October 2010, 3 December 2010, 14 October 2011, 28 November 2011, 20 June 2012, and 25 June 2012 the subparagraphs headed

- Overview and
- Selected Consolidated Financial Data

In the section headed "Who is the Issuer?" of the section "Summary" shall be replaced by the following:

"Who is the Issuer?"

Overview

UBS AG (UBS AG also "**Issuer**") with its subsidiaries (together with the Issuer, "**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's business strategy is centered on its pre-eminent global wealth management businesses and its leading universal bank in Switzerland. These businesses, together with a client-focused Investment Bank and a strong, well-diversified Global Asset Management business, will enable UBS to expand its premier wealth management franchise and drive further growth across the Group. Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers.

On 31 December 2012 UBS's Basel 2.5 tier 1¹ capital ratio was 21.3%, invested assets stood at CHF 2,230 billion, equity attributable to UBS shareholders was CHF 45,895 million and market capitalization was CHF 54,729 million. On the same date, UBS employed 62,628 people².

¹ The Basel 2.5 tier 1 capital ratio is the ratio of eligible Basel 2.5 tier 1 capital to Basel 2.5 risk-weighted assets. Eligible Basel 2.5 tier 1 capital can be calculated by starting with IFRS equity attributable to shareholders, adding treasury shares at cost and equity classified as obligation to purchase own shares, reversing out certain items, and then deducting certain other items. The most significant items reversed out for capital purposes are unrealized gains/losses on cash flow hedges and own credit gains/losses on liabilities designated at fair value. The largest deductions are treasury shares and own shares, goodwill and intangibles and certain securitization exposures.

² Full-time equivalents.

Selected Consolidated Financial Data

UBS derived the following selected consolidated financial data from its annual report 2012 containing the audited consolidated financial statements for the fiscal year ended 31 December 2012 (including comparative figures as of 31 December 2011 and 2010). UBS's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and stated in Swiss francs (CHF).

	As of or for the year ended		
<i>CHF million, except where indicated</i>	31.12.12	31.12.11	31.12.10
	<i>audited, except where indicated</i>		
Group results			
Operating income	25,443	27,788	31,994
Operating expenses	27,216	22,482	24,650
Operating profit / (loss) from continuing operations before tax	(1,774)	5,307	7,345
Net profit / (loss) attributable to UBS shareholders	(2,511)	4,138	7,452
Diluted earnings per share (CHF)	(0.67)	1.08	1.94
Key performance indicators, balance sheet and capital management, and additional information			
Performance			
Return on equity (RoE) (%) ¹	(5.2)*	9.1*	18.0*
Return on tangible equity (%) ²	1.6*	11.9*	24.7*
Return on risk-weighted assets, gross (%) ³	12.0*	13.7*	15.5*
Return on assets, gross (%) ⁴	1.9*	2.1*	2.3*
Growth			
Net profit growth (%) ⁵	N/A*	(44.5)*	N/A*
Net new money growth (%) ⁶	1.6*	1.9*	(0.8)*
Efficiency			
Cost / income ratio (%) ⁷	106.5*	80.7*	76.9*
Capital strength			
BIS tier 1 capital ratio (%) ^{8,9}	21.3*	15.9*	17.8*
FINMA leverage ratio (%) ^{8,10}	6.3*	5.4*	4.5*
Balance sheet and capital management			
Total assets	1,259,232	1,416,962	1,314,813
Equity attributable to UBS shareholders	45,895	48,530	43,728
Total book value per share (CHF)	12.25*	12.95*	11.53*
Tangible book value per share (CHF)	10.52*	10.36*	8.94*
BIS core tier 1 capital ratio (%) ⁸	19.0*	14.1*	15.3*
BIS total capital ratio (%) ⁸	25.2*	17.2*	20.4*
BIS risk-weighted assets ⁸	192,505*	240,962*	198,875*
BIS tier 1 capital ⁸	40,982*	38,370*	35,323*
Additional information			
Invested assets (CHF billion) ¹¹	2,230	2,088	2,075*
Personnel (full-time equivalents)	62,628*	64,820*	64,617*
Market capitalization	54,729*	42,843*	58,803*

* unaudited data extracted from the annual report

¹ Net profit attributable to UBS shareholders on a year-to-date basis (annualized as applicable) / average equity attributable

to UBS shareholders (year-to-date basis). **2** Net profit attributable to UBS shareholders before amortization and impairment of goodwill and intangible assets / average equity attributable to UBS shareholders less average goodwill and intangible assets. **3** Operating income before credit loss (expense) or recovery on a year-to-date basis (annualized as applicable) / average risk-weighted assets (year-to-date basis). Based on Basel 2.5 risk-weighted assets for 2012. Based on Basel II risk-weighted assets for 2011 and 2010. **4** Operating income before credit loss (expense) or recovery on a year-to-date basis (annualized as applicable) / average total assets (year-to-date basis). **5** Change in net profit attributable to UBS shareholders from continuing operations between current and comparison periods / net profit attributable to UBS shareholders from continuing operations of comparison period. Not meaningful and not included if either the reporting period or the comparison period is a loss period. **6** Net new money for the period (annualized as applicable) / invested assets at the beginning of the period. Group net new money includes net new money for Retail & Corporate and excludes interest and dividend income. **7** Operating expenses / operating income before credit loss (expense) or recovery. **8** Capital management data is disclosed in accordance with the Basel 2.5 framework for 31 December 2012 and 31 December 2011, and in accordance with the Basel II framework for 31 December 2010. **9** BIS tier 1 capital / BIS risk-weighted assets. **10** BIS tier 1 capital / average adjusted assets as per definition by the Swiss Financial Market Supervisory Authority (FINMA). **11** In the first quarter of 2012, UBS refined the definition of invested assets. Prior periods have been restated accordingly. Group invested assets includes invested assets for Retail & Corporate.

- 2b)** In relation to the Base Prospectuses as listed introductory on pages 1 to 9 except for the Base Prospectus dated 20 March 2007, the paragraph headed "Are there any risks relating to the Issuer?" in the section "Summary" is except for the chapter headed "Potential conflicts of interest" completely replaced by the following:

"As a global financial services provider, the business activities of UBS are affected by the prevailing market situation. Different risk factors can impair the company's ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, UBS AG's revenues and earnings are and have been subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect UBS AG's ability to achieve its strategic objectives

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The obligations of the Issuer created by the Securities are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Securityholders may, consequently, suffer a **total loss** of their investment in the Securities.

Effect of downgrading of the Issuer's rating

The general assessment of the Issuer's creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Standard & Poor's, Fitch and Moody's. As a result, any downgrading of the Issuer's rating by a rating agency may have a negative impact on the value of the Securities.

UBS holds legacy and other risk positions that may be adversely affected by conditions in the financial markets; legacy risk positions may be difficult to liquidate

UBS, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and UBS recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Although UBS has very significantly reduced its risk exposures starting in 2008, and more recently as UBS implements its strategy and focus on complying with Basel III capital standards, UBS continues to hold substantial legacy risk positions. In many cases these risk positions continue to be illiquid, and UBS remains exposed to the risk that the remaining positions may again deteriorate in value. In the fourth quarter of 2008 and the first quarter of 2009, certain of these positions were reclassified for accounting purposes from fair value to amortized cost; these assets are subject to possible impairment due to changes in market interest rates and other factors.

UBS has announced and is carrying out plans to reduce drastically the RWA associated with UBS's non-core and legacy risk positions. There can be no assurance that UBS will be able to liquidate them as quickly as UBS's plans suggest, or that UBS will not incur significant losses in doing so. The continued illiquidity and complexity of many of the legacy risk positions in particular could make it difficult to sell or otherwise liquidate these positions. At the same time, UBS's strategy rests heavily on UBS's ability to reduce sharply the RWA associated with these exposures in order to meet UBS's future capital targets and requirements without incurring unacceptable losses. In addition, if in the future UBS exercises its option to acquire the equity of the SNB StabFund from subsidiaries of the Swiss National Bank, any positions remaining in that fund could augment UBS's risk exposure and RWA until they can be liquidated.

UBS holds positions related to real estate in various countries, and UBS could suffer losses on these positions. These positions include a very substantial Swiss mortgage portfolio. Although management believes that this portfolio has been very prudently managed, UBS could nevertheless be exposed to losses if the concerns expressed by the Swiss National Bank and others about unsustainable price escalation in the Swiss real estate market come to fruition.

In addition, UBS is exposed to risk in its prime brokerage, reverse repo and Lombard lending activities, as the value or liquidity of the assets against which UBS provides financing may decline rapidly."

- 3a) In relation to
- (a) the Base Prospectus dated 28 March 2006 concerning the issue of A(lternative) I(nvestment) S(trategies) Index – Certificates,
 - (b) the Base Prospectus dated 17 April 2007 concerning the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [•] Index [(Capped)]-Certificates,
 - (c) the Base Prospectus dated 17 August 2007 concerning the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [•] [Portfolio] [(Capped)] Certificates,
 - (d) the Base Prospectus dated 29 February 2008 for the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [Reverse] [Performance] [Tracker] [(Capped)] Certificates,
 - (e) the Base Prospectus dated 2 May 2008 concerning the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [•] [Portfolio] [(Capped)] Certificates,
 - (f) the Base Prospectus dated 25 November 2008 concerning the issue of UBS [Capital Protected] [Discount [PLUS]] [Sprint [PLUS]] [Multibloc] [[Easy] [Outperformance [Express] [Kick-In] [PLUS] [XL] [Bonus]] [Callable Yield] [Reverse] [Champion] [Express] [(Capped)] Certificates,
 - (g) the Base Prospectus dated 17 December 2008 concerning the issue of UBS [Capital Protected] [Bonus] [Twin-Win] [Express] [Reverse] [Lock-In] [Basket] [Select] [(Capped)] [Certificates] [Notes]
 - (h) the Base Prospectus dated 29 January 2009 concerning the issue of UBS [Capital Protected] [[Performance] [Express] [Reverse] [PERLES]] [Outperformance] [Relative Performance Plus] [Open-End] [[Super] S2MART] [[Lock-In] [Bonus] [Extra Plus] [Flex]] [(Capped)] Certificates, and
 - (i) the Base Prospectus dated 21 April 2009 concerning the issue of UBS [Capital Protected] [Gearing] [(Capped)] [Certificates] [Notes],

the subparagraphs headed

- *„Überblick“* and
- *„Ausgewählte konsolidierte Finanzdaten“*

under the following bullet points in the section *„Zusammenfassung“*

- *„Wer ist die Emittentin“*,
- *„Wie ist die finanzielle Situation der Emittentin?“*

and in relation to the Base Prospectus dated 20 March 2007, under the following bullet points in the section *„Zusammenfassung“*

- *„Emittentin“*,
- *„Vermögenslage der Emittentin“*

and in relation to the Base Prospectuses dated 16 June 2008, 15 June 2009, 21 October 2009, 19 August 2010, 22 October 2010, 3 December 2010, 14 October 2011, 28 November 2011, 20 June 2012, and 25 June 2012 the subparagraphs headed

- *„Überblick“* and
- *„Ausgewählte konsolidierte Finanzdaten“*

in the section headed *„Wer ist die Emittentin?“* in the section *„Zusammenfassung“* shall be replaced by the following:

„Überblick

Die UBS (UBS AG ebenso die „**Emittentin**“ und zusammen mit ihren Tochtergesellschaften „**UBS Gruppe**“, „**Gruppe**“ oder „**UBS**“) bringt ihr 150-jähriges Erbe ein, um weltweit Privat-, Firmen- und institutionelle Kunden sowie Schweizer Kleinkunden zu dienen. Die Strategie der UBS konzentriert sich auf ihr herausragendes globales Wealth-Management-Geschäft und ihre führende Universalbank in der Schweiz. Diese Geschäftseinheiten, zusammen mit einer kundenfokussierten Investmentbank und einem starken, breit abgestützten globalen Asset-Management-Geschäft, werden es UBS ermöglichen ihr herausragendes Wealth-Management-Geschäft auszuweiten und weiteres Wachstum konzernweit anzustreben. Mit Hauptsitz in Zürich und Basel, Schweiz, besitzt UBS Geschäftsstellen in mehr als 50 Ländern, einschliesslich allen grossen Finanzmetropolen.

Am 31. Dezember 2012 betrug die Basel 2.5-Kernkapitalquote (Tier1)³ der UBS 21,3%, das verwaltete Vermögen lag bei CHF 2.230 Mrd., das den UBS-Aktionären zurechenbare Eigenkapital betrug CHF 45.895 Mio. und die Marktkapitalisierung betrug CHF 54.729 Mio. Zum gleichen Datum beschäftigte UBS 62.628 Mitarbeiter.⁴

Ausgewählte konsolidierte Finanzdaten

UBS hat die nachstehenden ausgewählten konsolidierten Finanzdaten aus dem Geschäftsbericht für das Geschäftsjahr 2012, der die geprüften konsolidierten Finanzangaben für das am 31. Dezember 2012 endende Geschäftsjahr enthält (einschließlich der Vergleichszahlen zum 31. Dezember 2011 und 2010). Die konsolidierten Finanzangaben der UBS wurden nach den vom International Accounting Standards Board (IASB) herausgegebenen International Financial Reporting Standards (IFRS) erstellt und in Schweizer Franken (CHF) aufgeführt.

	Für das Jahr endend am oder per		
Mio. CHF (Ausnahmen sind angegeben)	31.12.12	31.12.11	31.12.10
	geprüft (Ausnahmen sind angegeben)		
UBS-Konzern			
Geschäftsertrag	25.443	27.788	31.994
Geschäftsaufwand	27.216	22.482	24.650
Ergebnis aus fortzuführenden Geschäftsbereichen, vor Steuern	(1.774)	5.307	7.345
Den UBS-Aktionären zurechenbares Konzernergebnis	(2.511)	4.138	7.452
Verwässertes Ergebnis pro Aktie (CHF)	(0,67)	1,08	1,94

Kennzahlen zur Leistungsmessung, Bilanz- und Kapitalbewirtschaftung, und zusätzliche Informationen

Performance

Eigenkapitalrendite (RoE) (%) ¹	(5,2)*	9,1*	18,0*
Rendite auf Eigenkapital abzüglich Goodwill und anderer immaterieller Vermögenswerte (%) ²	1,6*	11,9*	24,7*
Risikogewichtete Gesamtkapitalrentabilität, brutto (%) ³	12,0*	13,7*	15,5*
Gesamtkapitalrentabilität, brutto (%) ⁴	1,9*	2,1*	2,3*

Wachstum

Wachstum des Ergebnisses (%) ⁵	N/A*	(44,5)*	N/A*
Wachstum der Nettoneugelder (%) ⁶	1,6*	1,9*	(0,8)*

Effizienz

Verhältnis von Geschäftsaufwand / Geschäftsertrag (%) ⁷	106,5*	80,7*	76,9*
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Kapitalkraft

BIZ-Kernkapitalquote (Tier 1) (%) ^{8,9}	21,3*	15,9*	17,8*
FINMA Leverage Ratio (%) ^{8,10}	6,3*	5,4*	4,5*

³ Die Basel 2.5 Kernkapitalquote (Tier 1) gibt das Verhältnis von nach Basel 2.5 anrechenbarem Tier 1 Kernkapital zu den risikogewichteten Aktiven Basel 2.5 wieder. Das nach Basel 2.5 anrechenbare Tier 1 Kernkapital kann ausgehend vom nach IFRS ermittelten den Aktionären zustehenden Eigenkapital errechnet werden, zu dem eigene Aktien zu Anschaffungskosten sowie Eigenkapital, das als Verpflichtung zum Kauf eigener Aktien eingestuft wird, hinzugerechnet werden, das um bestimmte Positionen bereinigt wird und von dem dann bestimmte weitere Positionen abgezogen werden. Die wesentlichen Bereinigungsgrößen für Kapitalzwecke sind unrealisierte Gewinne/Verluste aus Cash Flow Hedges sowie Gewinne/Verluste aus dem eigenen Kreditrisiko betreffend zum Marktwert ausgewiesene Verbindlichkeiten. Die wesentlichen Abzugsgrößen sind Abzüge für eigene Aktien, Goodwill und immaterielle Vermögenswerte sowie Positionen aus gewissen Verbriefungstransaktionen.

⁴ Mitarbeiter auf Vollzeitbasis.

Bilanz- und Kapitalbewirtschaftung

Total Aktiven	1.259.232	1.416.962	1.314.813
Den UBS-Aktionären zurechenbares Eigenkapital	45.895	48.530	43.728
Buchwert des den UBS-Aktionären zurechenbaren Eigenkapitals pro Aktie (CHF)	12,25*	12,95*	11,53*
Buchwert des den UBS-Aktionären zurechenbaren Eigenkapitals abzüglich Goodwill und anderer immaterieller Vermögenswerte pro Aktie (CHF)	10,52*	10,36*	8,94*
BIZ-«harte» Kernkapitalquote (Tier 1) (%) ⁸	19,0*	14,1*	15,3*
BIZ-Gesamtkapitalquote (Tier 1 und 2) (%) ⁸	25,2*	17,2*	20,4*
BIZ-Risikogewichtete Aktiven ⁸	192.505*	240.962*	198.875*
BIZ-Kernkapital (Tier 1) ⁸	40.982*	38.370*	35.323*

Zusätzliche Informationen

Verwaltete Vermögen (Mrd. CHF) ¹¹	2.230	2.088	2.075*
Personalbestand (auf Vollzeitbasis)	62.628*	64.820*	64.617*
Börsenkapitalisierung	54.729*	42.843*	58.803*

*ungeprüfte Angaben, wie aus dem Geschäftsbericht entnommen

¹ Das den UBS-Aktionären zurechenbare Konzernergebnis seit Jahresbeginn (gegebenenfalls annualisiert) / Das den UBS-Aktionären zurechenbare durchschnittliche Eigenkapital (seit Jahresbeginn). ² Den UBS-Aktionären zurechenbarer Reingewinn vor Abschreibungen und Wertminderung auf Goodwill und immaterielle Vermögenswerte / Den UBS-Aktionären zurechenbares Eigenkapital abzüglich Goodwill und immaterieller Vermögenswerte. ³ Geschäftsertrag vor Wertberichtigungen für Kreditrisiken seit Jahresbeginn (gegebenenfalls annualisiert) / Durchschnittliche risikogewichtete Aktiven (seit Jahresbeginn). Die Zahlen zur Kapitalbewirtschaftung für 2012 werden in Einklang mit den Basel-2.5-Richtlinien offengelegt. Die Zahlen zur Kapitalbewirtschaftung für 2011 und 2010 werden in Einklang mit den Basel-II-Richtlinien offengelegt. ⁴ Geschäftsertrag vor Wertberichtigungen für Kreditrisiken seit Jahresbeginn (gegebenenfalls annualisiert) / Total durchschnittliche Aktiven (seit Jahresbeginn). ⁵ Veränderung des aktuellen den UBS-Aktionären zurechenbaren Konzernergebnisses aus fortzuführenden Geschäftsbereichen gegenüber einer Vergleichsperiode / Das den UBS-Aktionären zurechenbare Konzernergebnis aus fortzuführenden Geschäftsbereichen in einer Vergleichsperiode. Besitzt keine Aussagekraft und wird nicht ausgewiesen, falls für die laufende Periode oder die Vergleichsperiode ein Verlust verzeichnet wird. ⁶ Nettoneugelder seit Periodebeginn (gegebenenfalls annualisiert) / Verwaltete Vermögen zum Beginn der Periode. Nettoneugelder des Konzerns beinhalten auch Nettoneugelder von Retail & Corporate und schliessen Zins- und Dividendenerträge aus. ⁷ Geschäftsaufwand / Geschäftsertrag vor Wertberichtigungen für Kreditrisiken. ⁸ Die Zahlen zur Kapitalbewirtschaftung werden zum 31. Dezember 2012 und 31. Dezember 2011 im Einklang mit den Basel-2.5-Richtlinien offengelegt, und zum 31. Dezember 2010 im Einklang mit den Basel-II-Richtlinien. ⁹ BIZ-Kernkapitalquote / Risikogewichtete Aktiven gemäß BIZ. ¹⁰ BIS-Kernkapitalquote / Durchschnitt der adjustierten Bilanzsumme gemäß der Eidgenössischen Finanzmarktaufsicht (FINMA). ¹¹ Im ersten Quartal 2012 hat die UBS ihre Definition für verwaltete Vermögen weiterentwickelt. Die Vorperioden wurden entsprechend angepasst. Verwaltete Vermögen des Konzerns beinhalten auch Vermögen unter der Verwaltung von Retail & Corporate.

- 3b)** In relation to
- (a)** the Base Prospectus dated 28 March 2006 concerning the issue of A(lternative) I(nvestment) S(trategies) Index – Certificates,
 - (b)** the Base Prospectus dated 17 April 2007 concerning the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [•] Index [(Capped)]-Certificates,
 - (c)** the Base Prospectus dated 17 August 2007 concerning the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [•] [Portfolio] [(Capped)] Certificates,
 - (d)** the Base Prospectus dated 29 February 2008 for the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [Reverse] [Performance] [Tracker] [(Capped)] Certificates,
 - (e)** the Base Prospectus dated 2 May 2008 concerning the issue of UBS [Capital Protected] [A(lternative) I(nvestment) S(trategies)] [•] [Portfolio] [(Capped)] Certificates,
 - (f)** the Base Prospectus dated 16 June 2008 concerning the Structured Warrant Programme,
 - (g)** the Base Prospectus dated 25 November 2008 concerning the issue of UBS [Capital Protected] [Discount [PLUS]] [Sprint [PLUS]] [Multibloc] [[Easy] [Outperformance [Express] [Kick-In] [PLUS] [XL] [Bonus]] [Callable Yield] [Reverse] [Champion] [Express] [(Capped)] Certificates,
 - (h)** the Base Prospectus dated 17 December 2008 concerning the issue of UBS [Capital Protected] [Bonus] [Twin-Win] [Express] [Reverse] [Lock-In] [Basket] [Select] [(Capped)] [Certificates] [Notes]
 - (i)** the Base Prospectus dated 29 January 2009 concerning the issue of UBS [Capital Protected] [[Performance] [Express] [Reverse] [PERLES]] [Outperformance] [Relative Performance Plus] [Open-End] [[Super] S2MART] [[Lock-In] [Bonus] [Extra Plus] [Flex]] [(Capped)] Certificates,
 - (j)** the Base Prospectus dated 21 April 2009 concerning the issue of UBS [Capital Protected] [Gearing] [(Capped)] [Certificates] [Notes],
 - (k)** the Base Prospectus dated 15 June 2009 concerning the Structured Warrant Programme,
 - (l)** the Base Prospectus dated 21 October 2009 concerning the Structured Warrant Programme,
 - (m)** the Base Prospectus dated 19 August 2010 concerning the issue of Securities,
 - (n)** the Base Prospectus dated 22 October 2010 concerning the Structured Warrant Programme,
 - (o)** the Base Prospectus dated 3 December 2010 concerning the issue of Securities,
 - (p)** the Base Prospectus dated 14 October 2011 concerning the Structured Warrant Programme,
 - (q)** the Base Prospectus dated 28 November 2011 concerning the issue of Securities,
 - (r)** the Base Prospectus dated 20 June 2012 concerning the Structured Warrant Programme, and
 - (s)** the Base Prospectus dated 20 June 2012 concerning the issue of Securities,

the paragraph headed "*Bestehen hinsichtlich der Emittentin Risiken?*" in the section "*Zusammenfassung*" is except for the chapter headed "*Potentielle Interessenkonflikte*" completely replaced by the following:

„Als globales Finanzdienstleistungsunternehmen wird die Geschäftstätigkeit der UBS von den herrschenden Marktverhältnissen beeinflusst. Verschiedene Risikofaktoren können die effektive Umsetzung der Geschäftsstrategien und direkt die Erträge beeinträchtigen. Dementsprechend waren und sind die Erträge und das Ergebnis der UBS AG Schwankungen unterworfen. Die Ertrags- und Gewinnzahlen für einen bestimmten Zeitraum liefern daher keinen Hinweis auf nachhaltige Resultate, können sich von einem Jahr zum andern ändern und die Erreichung der strategischen Ziele der UBS AG beeinflussen.“

Allgemeines Insolvenzrisiko

Jeder Wertpapiergläubiger trägt allgemein das Risiko, dass sich die finanzielle Situation der Emittentin verschlechtern könnte. Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die - auch im Fall der Insolvenz der Emittentin - untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt. Die durch die Wertpapiere begründeten Verbindlichkeiten der Emittentin sind nicht durch ein System von Einlagensicherungen oder eine Entschädigungseinrichtung geschützt. Im Falle der Insolvenz der Emittentin könnte es folglich sein, dass die Wertpapiergläubiger einen **Totalverlust** ihrer Investition in die Wertpapiere erleiden.

Auswirkung einer Herabstufung des Ratings der Emittentin

Die allgemeine Einschätzung der Kreditwürdigkeit der Emittentin kann möglicherweise den Wert der Wertpapiere beeinflussen. Diese Einschätzung hängt im Allgemeinen von Ratings ab, die der Emittentin oder mit ihr verbundenen Unternehmen von Rating-Agenturen wie Standard & Poor's, Fitch und Moody's erteilt werden. Die Herabstufung des Ratings der Emittentin durch eine Rating-Agentur kann daher nachteilige Auswirkungen auf den Wert der Wertpapiere haben.

UBS hält Legacy- und andere Risikopositionen, die von den Bedingungen an den Finanzmärkten beeinträchtigt werden könnten; Legacy-Risikopositionen könnten schwierig zu liquidieren sein

Die Finanzkrise, die 2007 einsetzte, hat UBS wie auch andere Finanzmarktteilnehmer schwer getroffen. Die Finanzmärkte haben seit Ausbruch der Krise historisch gesehen extrem hohe Verluste erlitten, und UBS verzeichnet insbesondere 2008 und 2009 beträchtliche Verluste auf Positionen im Fixed-Income-Handel. Obwohl UBS ihre Risikopositionen ab 2008 deutlich abgebaut und in jüngster Zeit ihre Strategie umgesetzt und sich auf die Einhaltung der Kapitalanforderungen gemäß Basel III konzentriert hat, besitzt UBS weiterhin beträchtliche Legacy-Risikopositionen. In vielen Fällen sind diese Risikopositionen weiterhin illiquide, und UBS ist nach wie vor dem Risiko ausgesetzt, dass die verbleibenden Positionen erneut an Wert einbüßen könnten. Im vierten Quartal 2008 und im ersten Quartal 2009 wurden gewisse dieser Positionen für Rechnungslegungszwecke von zum Fair Value auf zu amortisierten Anschaffungskosten bewertete Forderungen und Ausleihungen umklassiert; diese Vermögenswerte sind Gegenstand möglicher Wertberichtigungen aufgrund von Änderungen der Marktzinssätze und anderen Faktoren.

UBS hat Pläne angekündigt und setzt diese um mit dem Ziel, ihre risikogewichteten Aktiven im Zusammenhang mit den Legacy-Risikopositionen massiv abzubauen. Es besteht aber keine Gewähr, dass UBS diese Bestände so schnell wie vorgesehen reduzieren kann oder dabei nicht beträchtliche Verluste erleidet. Insbesondere die anhaltende Illiquidität und Komplexität vieler dieser Legacy-Risikopositionen könnte es schwierig machen, sie zu verkaufen oder anderweitig zu liquidieren. Gleichzeitig ist die Strategie der UBS stark davon abhängig, ob UBS in der Lage ist, die risikogewichteten Aktiven im Zusammenhang mit diesen Engagements in großem Umfang zu reduzieren, damit UBS ihre künftigen Kapitalziele ohne inakzeptable Verluste erreichen kann. Wenn UBS außerdem in Zukunft ihre Option für den Rückkauf des Eigenkapitalanteils an der SNB-Zweckgesellschaft von Tochtergesellschaften der Schweizerischen Nationalbank ausübt, könnten jegliche in diesem Vehikel verbleibende Positionen das Risikoengagement der UBS und die RWA erhöhen, bis sie liquidiert werden können.

UBS hält Positionen in Verbindung mit Immobilien in verschiedenen Ländern, und UBS könnte durch diese Positionen Verluste erleiden. In diesen Positionen ist ein äußerst umfangreiches Portfolio von Schweizer Hypotheken enthalten. Die Geschäftsleitung ist zwar der Auffassung, dass dieses Portfolio sehr umsichtig verwaltet worden ist. UBS könnte aber trotzdem Verlusten ausgesetzt sein, sofern sich die durch die Schweizerische Nationalbank und andere Entscheidungsträger geäußerten Bedenken bezüglich einer untragbaren Preiserhöhung am Schweizer Immobilienmarkt als zutreffend erweisen würden.

Außerdem ist UBS in ihrem Prime-Brokerage-, Reverse-Repo- und Lombardkreditgeschäft Risiken ausgesetzt, da der Wert oder die Liquidität von zur Finanzierung hinterlegten Vermögenswerten rasch abnehmen kann.“

- 4a)** In relation to the Base Prospectuses as listed introductory on pages 1 to 9, in the section “Risk Factors relating to the Issuer and the Securities” or “Risk Factors”, as the case may be, the paragraph headed “I. Issuer specific risks” or in relation to the Base Prospectus dated 20 March 2007, the paragraph headed “Essential characteristics and risks associated with the Issuer” is except for the chapter headed “Potential conflicts of interest” completely replaced by the following:

“As a global financial services provider, the business activities of UBS are affected by the prevailing market situation. Different risk factors can impair the company’s ability to implement business strategies and may have a direct, negative impact on earnings. Accordingly, UBS AG’s revenues and earnings are and have been subject to fluctuations. The revenues and earnings figures from a specific period, thus, are not evidence of sustainable results. They can change from one year to the next and affect UBS AG’s ability to achieve its strategic objectives

General insolvency risk

Each investor bears the general risk that the financial situation of the Issuer could deteriorate. The Securities constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, in particular in the case of insolvency of the Issuer, rank *pari passu* with each other and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The obligations of the Issuer created by the Securities are not secured by a system of deposit guarantees or a compensation scheme. In case of an insolvency of the Issuer, Securityholders may, consequently, suffer a **total loss** of their investment in the Securities.

Effect of downgrading of the Issuer’s rating

The general assessment of the Issuer’s creditworthiness may affect the value of the Securities. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Standard & Poor’s, Fitch and Moody’s. As a result, any downgrading of the Issuer’s rating by a rating agency may have a negative impact on the value of the Securities.

Regulatory and legislative changes may adversely affect UBS’s business and ability to execute its strategic plans

Fundamental changes in the laws and regulations affecting financial institutions could have a material and adverse effect on UBS’s business. In the wake of the 2007–2009 financial crisis and the continuing instability in global financial markets, regulators and legislators have proposed, have adopted, or are actively considering, a wide range of changes to these laws and regulations. These measures are generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. They include the following:

- significantly higher regulatory capital requirements;
- changes in the definition and calculation of regulatory capital;
- changes in the calculation of risk-weighted assets (“**RWA**”);
- the introduction of a more demanding leverage ratio;
- new or significantly enhanced liquidity requirements;
- requirements to maintain liquidity and capital in jurisdictions in which activities are conducted and booked;
- limitations on principal trading and other activities;
- new licensing, registration and compliance regimes;
- limitations on risk concentrations and maximum levels of risk;
- taxes and government levies that would effectively limit balance sheet growth or reduce the profitability of trading and other activities;
- a variety of measures constraining, taxing or imposing additional requirements relating to compensation;

- adoption of new liquidation regimes intended to prioritize the preservation of systemically significant functions;
- requirements to adopt structural and other changes designed to reduce systemic risk and to make major financial institutions easier to manage, restructure, disassemble or liquidate; and
- requirements to adopt risk governance structures at a local jurisdiction level.

A number of measures have been adopted and will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there is a high level of uncertainty regarding a number of the measures referred to above, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and / or the dates of their effectiveness.

Notwithstanding attempts by regulators to coordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a coordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. Switzerland has adopted capital and liquidity requirements for its major international banks that are the strictest among the major financial centers. This could disadvantage Swiss banks such as UBS when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

Regulatory and legislative changes in Switzerland

In September 2011, the Swiss parliament adopted the “too-big-to-fail” law to address the issues posed by large banks. The law became effective on 1 March 2012. Accordingly, Swiss regulatory change efforts have generally proceeded more quickly than those in other major jurisdictions, and the Swiss Financial Market Supervisory Authority (“**FINMA**”), the Swiss National Bank (“**SNB**”) and the Swiss Federal Council are implementing requirements that are significantly more onerous and restrictive for major Swiss banks, such as UBS, than those adopted or proposed by regulatory authorities in other major global financial centers.

The provisions of the revised banking ordinance and capital adequacy ordinance implementing the Swiss “too-big-to-fail” law became effective on 1 January 2013. These ordinances implement capital requirements that increase or decrease in proportion to UBS’s (i) market share in Switzerland and (ii) total exposure, a metric that measures balance sheet size. This could in effect result in higher or lower capital adequacy requirements than the 19% of Basel III RWA that has been publicly discussed. As UBS has previously announced, UBS’s total capital requirements are expected to fall to 17.5% reflecting the planned decrease in total exposure as part of the acceleration of UBS’s strategy announced in October 2012. Actions and interpretations of governmental authorities may affect the calculation of UBS’s capital ratios and increase its effective capital requirements. For example, UBS expects approximately CHF 2–3 billion to be added to its RWA each year from 2013 through 2019 as a result of FINMA’s decision to apply a bank-specific multiplier for banks using the internal ratings-based approach when calculating RWA for Swiss retail mortgages. In addition, a 1% countercyclical buffer on RWA arising from Swiss residential mortgages will be effective from September 2013.

The new banking and capital adequacy ordinances also contain, among other things, provisions regarding emergency plans for systemically important functions, recovery and resolution planning and intervention measures that may be triggered when certain capital thresholds are breached. Those intervention levels may be set at higher capital levels than under current law, and may depend upon the capital structure and type of buffer capital the bank will have to issue to meet the specific Swiss requirements.

If UBS is not able to demonstrate that its systemically relevant functions in Switzerland can be maintained even in case of a threatened insolvency, FINMA may impose more onerous requirements on us. Although the actions that FINMA may take in such circumstances are not yet defined, UBS could be required directly or indirectly, for example, to alter UBS’s legal structure (e.g. to separate lines of business into dedicated entities, with limitations on intra-group funding and certain guarantees), or in some manner to further reduce business risk levels. The law also provides that the largest banks will be eligible for a capital rebate if they take actions that facilitate recovery and resolvability beyond ensuring that the systematically important functions are maintained in case of insolvency. Such actions would likely include an alteration of the legal structure of a bank group in a manner that would insulate parts of the group from exposure to risks arising from other parts of the group, thereby making it easier to dispose of certain parts of the group in a recovery scenario, or to liquidate or dispose of certain parts of the group in a resolution scenario, without necessarily adversely affecting other parts.

Due to recent changes in Swiss regulatory requirements, and due to liquidity requirements imposed by certain other jurisdictions in which UBS operates, UBS has been required to maintain substantially higher levels of liquidity overall than had been UBS's usual practice in the past. Like increased capital requirements, higher liquidity requirements make certain lines of business, particularly in the Investment Bank, less attractive and may reduce UBS's overall ability to generate profits.

Regulatory and legislative changes outside Switzerland

Regulatory and legislative changes in other locations in which UBS operates may subject it to a wide range of new restrictions both in individual jurisdictions and, in some cases, globally.

Some of these regulatory and legislative changes may subject UBS to requirements to move activities from UBS AG branches into subsidiaries. Such "subsidiarization" can create operational, capital and tax inefficiencies, increase UBS's aggregate credit exposure to counterparties as they transact with multiple UBS AG affiliates, expose UBS's businesses to higher local capital requirements, and potentially give rise to client and counterparty concerns about the credit quality of the subsidiary. Such changes could also negatively impact UBS's funding model and severely limit UBS's booking flexibility. For example, UBS has significant operations in the UK and use UBS AG's London branch as a global booking center for many types of products. UBS is being required by the UK Financial Services Authority and by FINMA to increase very substantially the capitalization of UBS's UK bank subsidiary, UBS Limited, and expect to be required to change UBS's booking practices to reduce or even eliminate UBS's utilization of UBS AG London branch as a global booking center for the ongoing business of the Investment Bank. In addition, the UK Independent Commission on Banking has recommended structural and non-structural reforms of the banking sector, most of which have been endorsed by the UK government. Key measures proposed include the ring-fencing of retail activities in the UK, additional common equity tier 1 capital requirements of up to 3% of RWA for retail banks, and the issuance of debt subject to "bail-in" provisions. The applicability and implications of such changes to offices and subsidiaries of foreign banks are not yet entirely clear, but they could have a material effect on UBS's businesses located or booked in the UK.

The adoption of the Dodd-Frank Act in the US will also affect a number of UBS's activities, as well as those of other banks. The implementation of the Volcker Rule as of July 2012, for example, is one reason for UBS's exiting equities proprietary trading business segments within the Investment Bank. For other trading activity, UBS expects that it will be required to implement a compliance regime, including the calculation of detailed metrics for each trading book, and may be required to implement a compliance plan globally. Depending on the nature of the final rules, as well as the manner in which they are implemented, the Volcker Rule could have a substantial impact on market liquidity and the economics of market-making activities. The Volcker Rule also broadly limits investments and other transactional activities between banks and covered funds. The proposed implementing regulations both expand the scope of covered funds and provide only a very limited exclusion for activities of UBS outside the US. If adopted as proposed, the regulations could limit certain of UBS's activities in relation to funds, particularly outside the US. Moreover, at the end of 2012, the Federal Reserve issued proposed rules for foreign banking organizations in the US (sections 165 and 166 of Dodd-Frank Act) that include (i) a requirement for an intermediate holding company to hold US subsidiary operations, (ii) riskbased capital and leverage requirements, (iii) liquidity requirements (both substantive and procedural), (iv) single-counterparty credit limits, (v) risk management and risk committee requirements, (vi) stress test requirements, including public disclosure of the results, (vii) a debt-to-equity limit, and (viii) a framework for early remediation of financial weaknesses. The proposal would impose different requirements based on the overall size of the foreign banking organization and the size of its US-based assets. If the rules are adopted as proposed, UBS would be subject to the most stringent requirements based on the current size of its global and US operations.

In addition, in 2009 the G20 countries committed to require all standardized over-the-counter ("**OTC**") derivative contracts to be traded on exchanges or trading facilities and cleared through central counterparties by the end of 2012. This commitment is being implemented through the Dodd-Frank Act in the US and corresponding legislation in the European Union and other jurisdictions, and will have a significant impact on UBS's OTC derivatives business, primarily in the Investment Bank. For example, UBS expects that, as a rule, the shift of OTC derivatives trading to a central clearing model will tend to reduce profit margins in these products, although some market participants may be able to offset this effect with higher trading volumes in commoditized products. Although UBS is preparing for these thematic market changes, they are likely to reduce the revenue potential of certain lines of business for market participants generally, and UBS may be adversely affected.

UBS AG registered as a swap dealer in the US at the end of 2012 enabling the continuation of swaps business with US persons. Regulations issued by the Commodity Futures Trading Commission ("**CFTC**") impose substantial new requirements on registered swap dealers for clearing, trade execution, transaction

reporting, recordkeeping, risk management and business conduct. The CFTC has granted time-limited relief to initially limit the scope of new requirements to transactions with US persons. Certain of the CFTC's regulations, including those relating to swap data reporting, recordkeeping, compliance and supervision, are expected to apply to UBS AG globally once this time-limited relief expires. Application of these requirements to UBS's swaps business with non-US persons will present a substantial implementation burden, will likely duplicate or conflict with legal requirements applicable to UBS outside of the United States and may place UBS at a competitive disadvantage to firms that are not CFTC-registered swap dealers. The Securities and Exchange Commission ("**SEC**") is expected to propose rules for the extraterritorial application of its regulation of securities-based swaps in the first half of 2013, and to require registration of securities-based swap dealers in the US following adoption of such rules. SEC regulation of securities-based swaps may present similar risks to CFTC rules.

The effect on business booked or conducted by UBS in whole or in part outside the US cannot yet be determined fully because many of the regulations that must be adopted to implement the Dodd-Frank Act have not yet been finalized.

In many instances, UBS provides services on a cross-border basis. Efforts in the European Union ("**EU**") to harmonize the regime for third-country firms to access the European market may have the effect of creating new barriers that adversely affect UBS's ability to conduct business in these jurisdictions from Switzerland. For instance, the proposed harmonization of third-country access provisions under the revised European MiFID II/MiFIR framework would make it materially more difficult for UBS to service wealth management clients in Europe. As these requirements are still being developed and revised, the effect on UBS's business with clients domiciled or booked in the EU is difficult to predict.

Resolution and recovery; bail-in

UBS is currently required to produce recovery and resolution plans in the US, UK, Switzerland and Germany and is likely to face similar requirements for UBS's operations in other jurisdictions, including UBS's operations in the EU as a whole as part of the proposed EU Recovery and Resolution Directive. Resolution plans may increase the pressure for structural change if UBS's analysis identifies impediments that are not acceptable to regulators. Such structural changes may negatively impact UBS's ability to benefit from synergies between business units, and if they include the creation of separate legal entities may have the other negative consequences mentioned above with respect to "subsidiarization".

In addition a number of jurisdictions, including Switzerland, the US, the UK and the EU, have implemented or are considering implementing changes that would allow resolution authorities to convert debt into equity in a so-called "bail-in". The scope of bail-in authority and the legal mechanisms that would be utilized for the purpose are subject to a great deal of development and interpretation. Depending upon the outcome, bail-in authority may have a significant effect on UBS's funding costs.

The planned and potential regulatory and legislative developments in Switzerland and in other jurisdictions in which UBS has operations may have a material adverse effect on UBS's ability to execute UBS's strategic plans, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on UBS's ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on UBS's legal structure or business model. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on UBS's relationships with clients and UBS's success in attracting client business.

UBS's capital strength is important in supporting UBS's strategy, client franchise and competitive position

UBS's capital position, as measured by the BIS tier 1, core and total capital ratios and the common equity tier 1 ratio under Basel III requirements, is determined by (i) RWA (credit, non-counterparty related, market and operational risk positions, measured and risk-weighted according to regulatory criteria) and (ii) eligible capital. Both RWA and eligible capital are subject to change. Eligible capital would be reduced if UBS experiences net losses or losses through the other comprehensive income account, as determined for the purpose of the regulatory capital calculation, which may also render it more difficult or more costly for UBS to raise new capital. Eligible capital can also be reduced for a number of other reasons, including certain reductions in the ratings of securitization exposures, adverse currency movements affecting the value of equity, prudential adjustments that may be required due to the valuation uncertainty associated with certain types of positions, and changes in the value of certain pension fund assets recognized in other comprehensive income. RWA, on the other hand, are driven by UBS's business activities and by changes in the risk profile of UBS's exposures. For instance, substantial market volatility, a widening of credit spreads (the major driver of UBS's value-at-risk), adverse currency movements, increased counterparty risk, a

deterioration in the economic environment, or increased operational risk could result in a rise in RWA. Any such reduction in eligible capital or increase in RWA could materially reduce UBS's capital ratios.

The required levels and calculation of UBS's regulatory capital and the calculation of UBS's RWA are also subject to changes in regulatory requirements or their interpretation. UBS is subject to regulatory capital requirements imposed by FINMA, under which UBS has higher RWA than would be the case under the Basel III guidelines as adopted by the Bank for International Settlements. The changes in the calculation of RWA under Basel III and FINMA requirements (such as the revised treatment of certain securitization exposures under the Basel III framework) have significantly increased the level of UBS's RWA and, therefore, have adversely affected UBS's capital ratios. UBS has announced plans to reduce RWA very substantially and to mitigate the effects of the changes in the RWA calculation. However, there is a risk that UBS will not be successful in pursuing its plans, either because UBS is unable to carry out fully the actions it has planned or because other business or regulatory developments to some degree counteract the benefit of UBS's actions.

In addition to the risk-based capital requirements, UBS is subject to a minimum leverage ratio requirement for systemically important banks introduced by FINMA. The leverage ratio operates separately from the risk-based capital requirements, and, accordingly, under certain circumstances could constrain UBS's business activities even if UBS is able to satisfy the risk-based capital requirements.

Changes in the Swiss requirements for risk-based capital or leverage ratios, whether pertaining to the minimum levels required for large Swiss banks or to the calculation thereof (including changes of the banking law under the "too-big-to-fail" measures), could have a material adverse effect on UBS's business and could affect UBS's competitive position internationally compared with institutions that are regulated under different regimes.

UBS may not be successful in executing its announced strategic plans

In October 2012, UBS announced a significant acceleration in the implementation of UBS's strategy. The strategy includes transforming UBS's Investment Bank to focus it on its traditional strengths, very significantly reducing Basel III RWA and further strengthening UBS's capital position, and significantly reducing costs and improving efficiency across the Group. There is a risk that UBS will not be successful in pursuing UBS's plans, including because UBS is unable to carry out fully the actions it has planned, or that even if it is able to implement its strategy as planned its effects may differ from those intended.

As part of UBS's strategy, UBS is exiting certain business lines, predominantly those formerly in the fixed income area of UBS's Investment Bank that have been rendered less attractive by changes in regulation and market developments. UBS's Corporate Center is tasked with managing down the non-core assets previously in the Investment Bank in the most value-accretive way for shareholders. As UBS winds down these positions and those in the Legacy Portfolio previously transferred to Corporate Center, UBS will incur losses if exit values are lower than the carrying values of these positions. This could be the result of market price declines or illiquid or volatile market conditions, or the result of other institutions seeking to dispose of similar assets contemporaneously. These same factors may make it impossible or inadvisable for UBS to effect the winddowns and the corresponding reduction in RWA and balance sheet size as quickly as UBS has planned.

UBS also announced that it intends to achieve incremental cost savings of CHF 3.4 billion above the CHF 2 billion cost savings program announced in August 2011 as a result of the actions UBS is taking in the Investment Bank and through further group wide efficiency measures. The success of UBS's strategy and UBS's ability to reach certain of the targets UBS has announced depends heavily on the effectiveness of the cost-saving and efficiency measures UBS is able to carry out. As is often the case with major cost-reduction and efficiency programs, UBS's plans involve significant risks. Included among these are the risks that restructuring costs may be higher and may be recognized sooner than UBS has projected and that UBS may not be able to identify feasible cost-saving opportunities at the level of UBS's savings objective that are also consistent with UBS's business goals. In addition, when UBS implements its cost-saving and efficiency programs it may experience unintended consequences such as the loss or degradation of capabilities that UBS needs in order to maintain UBS's competitive position and achieve UBS's targeted returns.

UBS's reputation is critical to the success of its business

UBS's reputation is critical to the success of UBS's strategic plans. Damage to UBS's reputation can have fundamental negative effects on UBS's business and prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure. This was demonstrated in recent years as UBS's very large losses during the financial crisis, the US cross-border matter and other events seriously damaged UBS's reputation. Reputational damage was an important factor in UBS's loss of clients and client assets across UBS's asset-gathering businesses, and contributed to UBS's loss of and difficulty in attracting staff, in 2008 and 2009. These developments had short-term and also more lasting adverse effects on UBS's

financial performance, and UBS recognized that restoring its reputation would be essential to maintaining UBS's relationships with clients, investors, regulators and the general public, as well as with UBS's employees. More recently, the unauthorized trading incident announced in September 2011, and UBS's involvement in the LIBOR scandal also adversely affected UBS's reputation. Any further reputational damage could have a material adverse effect on UBS's operational results and financial condition and on UBS's ability to achieve UBS's strategic goals and financial targets.

Material legal and regulatory risks arise in the conduct of UBS's business

The nature of UBS's business subjects UBS to significant regulatory oversight and liability risk. As a global financial services firm operating in more than 50 countries, UBS is subject to many different legal, tax and regulatory regimes. UBS is involved in a variety of claims, disputes, legal proceedings and government investigations in jurisdictions where UBS is active. These proceedings expose UBS to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory restrictions on UBS's businesses. The outcome of most of these matters, and their potential effect on UBS's future business or financial results, is extremely difficult to predict.

UBS continues to be subject to government inquiries and investigations, and are involved in a number of litigations and disputes, which arose out of the financial crisis of 2007–2009. UBS is also subject to a large number of claims, disputes, legal proceedings and government investigations unrelated to the financial crisis, and expect that UBS's ongoing business activities will continue to give rise to such matters in the future. Potentially material matters to which UBS is currently subject include claims relating to US RMBS and mortgage loan sales, Swiss retrocessions, LIBOR-related matters and the Banco UBS Pactual tax indemnity.

In December 2012, UBS announced settlements totaling approximately CHF 1.4 billion in fines by and disgorgements to US, UK and Swiss authorities to resolve LIBOR-related investigations with those authorities. UBS Securities Japan Co. Ltd. also pled guilty to one count of wire fraud relating to the manipulation of certain benchmark interest rates. The settlements do not resolve investigations by other authorities or civil claims that have been or may in the future be asserted by private and governmental claimants with respect to submissions for LIBOR or other benchmark interest rates. The extent of UBS's financial exposure to these remaining matters is extremely difficult to estimate and could be material.

The LIBOR-related settlements starkly illustrate the much-increased level of financial risk now associated with regulatory matters and regulatory enforcement in major jurisdictions, particularly in the US and UK. These very large amounts were assessed, and the guilty plea of a UBS subsidiary was required, in spite of UBS's full cooperation with the authorities in their investigations, as a result of which UBS was granted conditional leniency or conditional immunity with respect to certain benchmark interest rates by antitrust authorities in a number of jurisdictions including the US and Switzerland. UBS understands that, in determining the consequences to UBS, the US authorities took into account the fact that UBS has in the recent past been determined to have engaged in serious misconduct in a number of other matters. As a result of this history and regulatory perception, UBS's level of risk with respect to regulatory enforcement may be greater than that of peer institutions.

Considering UBS's overall exposures and the current regulatory and political climate affecting financial institutions, UBS expects charges associated with legal, regulatory and similar matters to remain at elevated levels at least through 2013.

UBS is determined to address the issues that have arisen in the above and other matters in a thorough and constructive manner. UBS is in active dialogue with its regulators concerning the actions that UBS is taking to improve its operational risk management and control framework. Ever since UBS's losses in 2007 and 2008, UBS has been subject to a very high level of regulatory scrutiny and to certain regulatory measures that constrain UBS's strategic flexibility. While UBS believes that it has remediated the deficiencies that led to the material losses during the 2007–2009 financial crisis, the unauthorized trading incident announced in September 2011 and the LIBOR-related settlements, the effects of these matters on UBS's reputation and relationships with regulatory authorities have proven to be more difficult to overcome. For example, following the unauthorized trading incident FINMA informed UBS that UBS would not be permitted to undertake acquisitions in UBS's Investment Bank unit (unless FINMA granted an exception), and that material new business initiatives in that unit would be subject to FINMA oversight. Although UBS has significantly enhanced its operational risk management and control framework in general and specifically addressed the deficiencies highlighted by the unauthorized trading incident in particular, these special restrictions have not been withdrawn by FINMA to date, pending independent confirmation of the effectiveness of these enhancements to FINMA's satisfaction. As this example illustrates, difficulties associated with UBS's relationships with regulatory authorities have the potential to adversely affect the execution of UBS's business strategy.

Performance in the financial services industry is affected by market conditions and the macroeconomic climate

The financial services industry prospers in conditions of economic growth; stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or a severe financial crisis can negatively affect UBS's revenues and ultimately UBS's capital base.

A market downturn and weak macroeconomic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impacts well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macroeconomic and political developments, or as a result of the failure of a major market participant. UBS has material exposures to a number of these markets, both as a wealth manager and as an investment bank. Moreover, UBS's strategic plans depend more heavily upon UBS's ability to generate growth and revenue in the emerging markets, causing UBS to be more exposed to the risks associated with them. The ongoing eurozone crisis and the unresolved US fiscal issues demonstrate that macroeconomic and political developments can have unpredictable and destabilizing effects. Adverse developments of these kinds have affected UBS's businesses in a number of ways, and may continue to have further adverse effects on UBS's businesses as follows:

- a general reduction in business activity and market volumes, as UBS has experienced in the last two years, affects fees, commissions and margins from market-making and client-driven transactions and activities; local or regional economic factors, such as the ongoing eurozone sovereign debt and banking industry concerns, could also have an effect on UBS;
- a market downturn is likely to reduce the volume and valuations of assets UBS manages on behalf of clients, reducing UBS's asset- and performance-based fees;
- a further extended period of low interest rates will continue to erode interest margins in several of UBS's businesses;
- reduced market liquidity limits trading and arbitrage opportunities and impedes UBS's ability to manage risks, impacting both trading income and performance-based fees;
- assets UBS owns and account for as investments or trading positions could fall in value;
- impairments and defaults on credit exposures and on trading and investment positions could increase, and losses may be exacerbated by falling collateral values; and
- if individual countries impose restrictions on cross-border payments or other exchange or capital controls, or change their currency (for example, if one or more countries should leave the euro), UBS could suffer losses from enforced default by counterparties, be unable to access UBS's own assets, or be impeded in – or prevented from – managing UBS's risks.

Because UBS has very substantial exposures to other major financial institutions, the failure of one or more of such institutions could have a material effect on UBS.

The developments mentioned above can materially affect the performance of UBS's business units and of UBS as a whole, and ultimately UBS's financial condition. As discussed below, there is also a somewhat related risk that the carrying value of goodwill of a business unit might suffer impairments and deferred tax assets levels may need to be adjusted.

UBS holds legacy and other risk positions that may be adversely affected by conditions in the financial markets; legacy risk positions may be difficult to liquidate

UBS, like other financial market participants, was severely affected by the financial crisis that began in 2007. The deterioration of financial markets since the beginning of the crisis was extremely severe by historical standards, and UBS recorded substantial losses on fixed income trading positions, particularly in 2008 and 2009. Although UBS has very significantly reduced its risk exposures starting in 2008, and more recently as UBS implements its strategy and focus on complying with Basel III capital standards, UBS continues to hold substantial legacy risk positions. In many cases these risk positions continue to be illiquid, and UBS remains exposed to the risk that the remaining positions may again deteriorate in value. In the

fourth quarter of 2008 and the first quarter of 2009, certain of these positions were reclassified for accounting purposes from fair value to amortized cost; these assets are subject to possible impairment due to changes in market interest rates and other factors.

UBS has announced and is carrying out plans to reduce drastically the RWA associated with UBS's non-core and legacy risk positions. There can be no assurance that UBS will be able to liquidate them as quickly as UBS's plans suggest, or that UBS will not incur significant losses in doing so. The continued illiquidity and complexity of many of the legacy risk positions in particular could make it difficult to sell or otherwise liquidate these positions. At the same time, UBS's strategy rests heavily on UBS's ability to reduce sharply the RWA associated with these exposures in order to meet UBS's future capital targets and requirements without incurring unacceptable losses. In addition, if in the future UBS exercises its option to acquire the equity of the SNB StabFund from subsidiaries of the Swiss National Bank, any positions remaining in that fund could augment UBS's risk exposure and RWA until they can be liquidated.

UBS holds positions related to real estate in various countries, and UBS could suffer losses on these positions. These positions include a very substantial Swiss mortgage portfolio. Although management believes that this portfolio has been very prudently managed, UBS could nevertheless be exposed to losses if the concerns expressed by the Swiss National Bank and others about unsustainable price escalation in the Swiss real estate market come to fruition.

In addition, UBS is exposed to risk in its prime brokerage, reverse repo and Lombard lending activities, as the value or liquidity of the assets against which UBS provides financing may decline rapidly.

UBS's global presence subjects it to risk from currency fluctuations

UBS prepares its consolidated financial statements in Swiss francs. However, a substantial portion of UBS's assets, liabilities, invested assets, revenues and expenses are denominated in other currencies, particularly the US dollar, the euro and the British pound. Accordingly, changes in foreign exchange rates, particularly between the Swiss franc and the US dollar (US dollar revenues account for the largest portion of UBS's non-Swiss franc revenues) have an effect on UBS's reported income and expenses, and on other reported figures such as invested assets, balance sheet assets, RWA and tier 1 capital. For example, in 2011 the strengthening of the Swiss franc, especially against the US dollar and euro, had an adverse effect on UBS's revenues and invested assets. Because exchange rates are subject to constant change, sometimes for completely unpredictable reasons, UBS's results are subject to risks associated with changes in the relative values of currencies.

UBS is dependent upon UBS's risk management and control processes to avoid or limit potential losses in UBS's trading and counterparty credit businesses

Controlled risk-taking is a major part of the business of a financial services firm. Credit is an integral part of many of UBS's retail, corporate, wealth management and Investment Bank activities. This includes lending, underwriting and derivatives activities. Changes in interest rates, credit spreads, equity prices, market volatility and liquidity, foreign exchange levels and other market fluctuations can adversely affect UBS's earnings. Some losses from risk-taking activities are inevitable, but to be successful over time, UBS must balance the risks it takes against the returns it generates. UBS must, therefore, diligently identify, assess, manage and control UBS's risks, not only in normal market conditions but also as they might develop under more extreme (stressed) conditions, when concentrations of exposures can lead to severe losses.

As seen during the financial crisis of 2007–2009, UBS is not always able to prevent serious losses arising from extreme or sudden market events that are not anticipated by UBS's risk measures and systems. Value-at-risk, a statistical measure for market risk, is derived from historical market data, and thus by definition could not have anticipated the losses suffered in the stressed conditions of the financial crisis. Moreover, stress loss and concentration controls and the dimensions in which UBS aggregates risk to identify potentially highly correlated exposures proved to be inadequate. Notwithstanding the steps UBS has taken to strengthen UBS's risk management and control framework, UBS could suffer further losses in the future if, for example:

- UBS does not fully identify the risks in UBS's portfolio, in particular risk concentrations and correlated risks;
- UBS's assessment of the risks identified or UBS's response to negative trends proves to be inadequate, insufficient or incorrect;

- markets move in ways that UBS does not expect – in terms of their speed, direction, severity or correlation – and UBS's ability to manage risks in the resultant environment is, therefore, affected;
- third parties to whom UBS has credit exposure or whose securities UBS holds for its own account are severely affected by events not anticipated by UBS's models, and accordingly UBS suffers defaults and impairments beyond the level implied by UBS's risk assessment; or
- collateral or other security provided by UBS's counterparties proves inadequate to cover their obligations at the time of their default.

UBS also manages risk on behalf of UBS's clients in UBS's asset and wealth management businesses. UBS's performance in these activities could be harmed by the same factors. If clients suffer losses or the performance of their assets held with UBS is not in line with relevant benchmarks against which clients assess investment performance, UBS may suffer reduced fee income and a decline in assets under management, or withdrawal of mandates.

If UBS decides to support a fund or another investment that it sponsors in its asset or wealth management businesses (such as the property fund to which Wealth Management has exposure), UBS might, depending on the facts and circumstances, incur charges that could increase to material levels.

Investment positions, such as equity holdings made as a part of strategic initiatives and seed investments made at the inception of funds that UBS manages, may also be affected by market risk factors. These investments are often not liquid and generally are intended or required to be held beyond a normal trading horizon. They are subject to a distinct control framework. Deteriorations in the fair value of these positions would have a negative impact on UBS's earnings.

Valuations of certain positions rely on models; models have inherent limitations and may use inputs which have no observable source

Where possible, UBS marks its trading book assets and other positions at their quoted market price in an active market. Such price information may not be available for certain instruments and, therefore, UBS applies valuation techniques to measure such instruments. Valuation techniques use "market observable inputs" where available, derived from similar instruments in similar and active markets, from recent transaction prices for comparable items or from other observable market data. In the case of positions for which some or all of the inputs required for the valuation techniques are not observable or have limited observability, UBS uses valuation models with non-market observable inputs. There is no single market standard for valuation models of this type. Such models have inherent limitations; different assumptions and inputs would generate different results, and these differences could have a significant impact on UBS's financial results. UBS regularly reviews and updates its valuation models to incorporate all factors that market participants would consider in setting a price, including factoring in current market conditions. Judgment is an important component of this process. Changes in model inputs or in the models themselves, or failure to make the changes necessary to reflect evolving market conditions, could have a material adverse effect on UBS's financial results.

UBS is exposed to possible outflows of client assets in its asset-gathering businesses and to changes affecting the profitability of its Wealth Management business division

UBS experienced substantial net outflows of client assets in UBS's wealth management and asset management businesses in 2008 and 2009. The net outflows resulted from a number of different factors, including UBS's substantial losses, the damage to UBS's reputation, the loss of client advisors, difficulty in recruiting qualified client advisors and developments concerning UBS's cross-border private banking business. Many of these factors have been successfully addressed. UBS's Wealth Management and Wealth Management Americas business divisions recorded substantial net new money inflows in 2012. Long-term changes affecting the cross-border private banking business model will, however, continue to affect client flows in UBS's Wealth Management business division for an extended period of time. One of the important drivers behind the longer-term reduction in the amount of cross-border private banking assets, particularly in Europe, is the heightened focus of fiscal authorities on cross-border investments. Changes in local tax laws or regulations and their enforcement may affect the ability or the willingness of UBS's clients to do business with UBS or the viability of UBS's strategies and business model. In 2012, UBS experienced net withdrawals in UBS's Swiss booking center from clients domiciled elsewhere in Europe, in many cases related to the negotiation of tax treaties between Switzerland and other countries, including the treaty with Germany that was ultimately not ratified by Germany.

The net new money inflows in recent years in UBS's Wealth Management business division have come predominantly from clients in Asia-Pacific and in the emerging markets and in the high net worth segment globally. Over time, inflows from these lower-margin segments and markets have been replacing outflows from higher-margin segments and markets, in particular cross-border European clients. This dynamic, combined with changes in client product preferences as a result of which lowmargin products account for a larger share of UBS's revenues than in the past, put downward pressure on UBS's return on invested assets. There can be no assurance that efforts by the business to overcome the effects of the changes in the business mix on gross margin, such as through service improvements and product offerings, will be sufficiently successful to counteract those effects. UBS is also making changes to its business offerings and pricing practices in line with emerging industry trends favoring price transparency and recent legal and regulatory developments, including the Swiss Supreme CUBS'st case concerning "retrocessions". There can be no assurance that UBS will be successful in UBS's efforts to offset the adverse impact of these trends and developments.

In 2012, Global Asset Management experienced a net outflow of client assets. Further net outflows of client assets are likely over time to adversely affect the results of the business division.

Liquidity and funding management are critical to UBS's ongoing performance

The viability of UBS's business depends upon the availability of funding sources, and its success depends upon UBS's ability to obtain funding at times, in amounts, for tenors and at rates that enable UBS to efficiently support its asset base in all market conditions. A substantial part of UBS's liquidity and funding requirements is met using short-term unsecured funding sources, including wholesale and retail deposits and the regular issuance of money market securities. The volume of UBS's funding sources has generally been stable, but could change in the future due to, among other things, general market disruptions or widening credit spreads, which could also influence the cost of funding. A change in the availability of short-term funding could occur quickly.

Reductions in UBS's credit ratings can increase UBS's funding costs, in particular with regard to funding from wholesale unsecured sources, and can affect the availability of certain kinds of funding. In addition, as UBS experienced recently in connection with Moody's downgrading of UBS's long-term rating in June 2012, ratings downgrades can require UBS to post additional collateral or make additional cash payments under master trading agreements relating to UBS's derivatives businesses. UBS's credit ratings, together with UBS's capital strength and reputation, also contribute to maintaining client and counterparty confidence and it is possible that ratings changes could influence the performance of some of UBS's businesses.

The more stringent Basel III capital and liquidity requirements will likely lead to increased competition for both secured funding and deposits as a stable source of funding, and to higher funding costs.

Operational risks may affect UBS's business

All of UBS's businesses are dependent on UBS's ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with requirements of many different legal and regulatory regimes to which UBS is subject and to prevent, or promptly detect and stop, unauthorized, fictitious or fraudulent transactions. UBS's operational risk management and control systems and processes are designed to help ensure that the risks associated with UBS's activities, including those arising from process error, failed execution, unauthorized trading, fraud, system failures, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled.

For example, cyber crime is a fast growing threat to large organizations that rely on technology to support its business, like UBS. Cyber crime can range from internet based attacks that interfere with the organizations' internet websites, to more sophisticated crimes that target the organizations, as well as their clients, and seek to gain unauthorized access to technology systems in efforts to disrupt business, steal money or obtain sensitive information.

A major focus of US governmental policy relating to financial institutions in recent years has been fighting money laundering and terrorist financing. Regulations applicable to UBS and its subsidiaries impose obligations to maintain effective policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and to verify the identity of their clients. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious consequences, both in legal terms and in terms of UBS's reputation.

Although UBS is continuously adapting UBS's capability to detect and respond to the risks described above, if UBS's internal controls fail or prove ineffective in identifying and remedying them UBS could suffer

operational failures that might result in material losses, such as the loss from the unauthorized trading incident announced in September 2011.

Participation in high-volume and high-frequency trading activities, even in the execution of client-driven business, can also expose UBS to operational risks. UBS's loss in the second quarter of 2012 relating to the Facebook initial public offering illustrates the exposure participants in these activities have to unexpected results arising not only from their own systems and processes but also from the behavior of exchanges, clearing systems and other third parties and from the performance of third party systems.

Certain types of operational control weaknesses and failures could also adversely affect UBS's ability to prepare and publish accurate and timely financial reports. UBS identified control deficiencies following the unauthorized trading incident announced in September 2011, and management determined that UBS had a material weakness in UBS's internal control over financial reporting as of the end of 2010 and 2011, although this has not affected the reliability of UBS's financial statements for either year.

In addition, despite the contingency plans UBS has in place, UBS's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports UBS's businesses and the communities in which UBS is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by UBS or third parties with whom UBS conducts business.

UBS might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase.

UBS's competitive strength and market position could be eroded if UBS is unable to identify market trends and developments, do not respond to them by devising and implementing adequate business strategies, adequately developing or updating UBS's technology, particularly in trading businesses, or are unable to attract or retain the qualified people needed to carry them out.

The amount and structure of UBS's employee compensation are affected not only by UBS's business results but also by competitive factors and regulatory considerations. Constraints on the amount or structure of employee compensation, higher levels of deferral, performance conditions and other circumstances triggering the forfeiture of unvested awards may adversely affect UBS's ability to retain and attract key employees, and may in turn negatively affect UBS's business performance. Reductions in the amount of variable compensation awarded for performance year 2012 have caused UBS's total compensation for certain categories of employees, mainly in the Investment Bank and the Corporate Center, to be lower than is the case for peer institutions. In addition, changes that UBS has made to the terms of compensation awards may place UBS ahead of peers in adjusting compensation terms to the demands of various stakeholders, including regulatory authorities and shareholders. These terms include the introduction of a deferred contingent capital plan with many of the features of the loss-absorbing capital that UBS has issued in the market but with a higher capital ratio writedown trigger, increased average deferral periods for stock awards, and expanded forfeiture provisions for certain awards linked to business performance. These changes, while intended to better align the interests of UBS's staff with those of other stakeholders, increase the risk that key employees will be attracted by competitors and decide to leave UBS, and that UBS may be less successful than its competitors in attracting qualified employees. The loss of key staff and inability to attract qualified replacements, depending upon which and how many roles are affected, could seriously compromise UBS's ability to execute UBS's strategy and to successfully improve UBS's operating and control environment.

UBS's financial results may be negatively affected by changes to accounting standards

UBS reports its results and financial position in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Changes to IFRS or interpretations thereof may cause UBS's future reported results and financial position to differ from current expectations. Such changes also may affect UBS's regulatory capital and ratios. For example, in 2012 UBS adopted the revised international accounting standard IAS 19 Employee Benefits, which affected both UBS's financial position and UBS's regulatory capital. UBS monitors potential accounting changes and when these are finalized by the IASB, UBS determines the potential impact and discloses significant future changes in its

financial statements. Currently, there are a number of issued but not yet effective IFRS changes, as well as potential IFRS changes, that are expected to impact UBS's reported results, financial position and regulatory capital in the future.

UBS's financial results may be negatively affected by changes to assumptions supporting the value of UBS's goodwill

The goodwill UBS has recognized on the respective balance sheets of UBS's operating segments is tested for impairment at least annually. UBS's impairment test in respect of the assets recognized as of 31 December 2012 indicated that the value of UBS's goodwill is not impaired. The impairment test is based on assumptions regarding estimated earnings, discount rates and long-term growth rates impacting the recoverable amount of each segment and on estimates of the carrying amounts of the segments to which the goodwill relates. If the estimated earnings and other assumptions in future periods deviate from the current outlook, the value of UBS's goodwill may become impaired in the future, giving rise to losses in the income statement. In the third quarter of 2012, for example, the recognition by the Investment Bank of a full impairment of goodwill and of an impairment of other non-financial assets resulted in a charge of almost CHF 3.1 billion against UBS's operating profit before tax.

The effects of taxes on UBS's financial results are significantly influenced by changes in UBS's deferred tax assets and final determinations on audits by tax authorities

The deferred tax assets UBS has recognized on its balance sheet as of 31 December 2012 in respect of prior years' tax losses are based on future profitability as indicated by the business plans. If the business plan earnings and assumptions in future periods substantially deviate from current forecasts, the amount of recognized deferred tax assets may need to be adjusted in the future. This could include writeoffs of deferred tax assets through the income statement.

In the coming years, UBS's effective tax rate will be highly sensitive both to UBS's performance and to the accuracy of new business plan forecasts. UBS's results in recent periods have demonstrated that changes in the recognition of deferred tax assets can have a very significant effect on UBS's reported results. If the Group's performance is strong, particularly in the US, UK and Switzerland, UBS could be expected to recognize additional deferred tax assets in the coming years. The effect of doing so would be to significantly reduce the Group's effective tax rate in years in which additional deferred tax assets are recognized. Conversely, if UBS's performance in those countries is weaker than expected, UBS may be required to write off all or a portion of currently recognized deferred tax assets through the income statement. This would have the effect of increasing the Group's effective tax rate in the year in which any write offs are taken.

In the first half of 2013, UBS expects the tax rate to be in the region of 25–30%. The expected tax rate is higher than the normal expected effective tax rate of 20–25% because the net profit for the group in 2013 may reflect losses for some legal entities or parent bank branches for which UBS may not obtain a tax benefit. In addition, the actual tax rate may fall outside the aforementioned tax rate range to the extent that there are significant book tax adjustments that affect taxable profits. Also, the full year tax rate may depend on the extent to which deferred tax assets are revalued during 2013 and the level of profitability for the year.

UBS's effective tax rate is also sensitive to any future reductions in statutory tax rates, particularly in the US and Switzerland. Reductions in the statutory tax rate would cause the expected future tax benefit from items such as tax loss carry-forwards in the affected locations to diminish in value. This in turn would cause a writedown of the associated deferred tax assets.

In addition, statutory and regulatory changes, as well as changes to the way in which courts and tax authorities interpret tax laws could cause the amount of taxes ultimately paid by UBS to materially differ from the amount accrued.

Separately, in 2011 the UK government introduced a balance sheet based levy payable by banks operating and / or resident in the UK. An expense for the year of CHF 124 million has been recognized in operating expenses (within pre-tax profit) in the fourth quarter of 2012. The Group's bank levy expense for future years will depend on both the rate and the Group's taxable UK liabilities at each year end; changes to either factor could increase the cost. This expense will likely increase if, for example, UBS changes its booking practices to reduce or eliminate UBS's utilization of UBS AG London branch as a global booking center for the ongoing business of the Investment Bank and consequently book more liabilities into UBS's UK bank subsidiary, UBS Limited. UBS expects that the annual bank levy expense will continue to be recognized for

IFRS purposes as a cost arising in the final quarter of each financial year, rather than being accrued throughout the year, as it is charged by reference to the year-end balance sheet position.”

- 4b)** In relation to
- (a)** the Base Prospectus dated 22 October 2010 concerning the Structured Warrant Programme,
 - (b)** the Base Prospectus dated 3 December 2010 concerning the issue of Securities,
 - (c)** the Base Prospectus dated 14 October 2011 concerning the Structured Warrant Programme,
 - (d)** the Base Prospectus dated 28 November 2011 concerning the issue of Securities,
 - (e)** the Base Prospectus dated 20 June 2012 concerning the Structured Warrant Programme, and
 - (f)** the Base Prospectus dated 20 June 2012 concerning the issue of Securities,

in the section "Risk Factors" the paragraph headed "*I. Emittentenspezifische Risikohinweise*" is except for the chapter headed "*Potenzielle Interessenkonflikte*" completely replaced by the following:

„Als globales Finanzdienstleistungsunternehmen wird die Geschäftstätigkeit der UBS von den herrschenden Marktverhältnissen beeinflusst. Verschiedene Risikofaktoren können die effektive Umsetzung der Geschäftsstrategien und direkt die Erträge beeinträchtigen. Dementsprechend werden und sind die Erträge und das Ergebnis der UBS AG Schwankungen unterworfen. Die Ertrags- und Gewinnzahlen für einen bestimmten Zeitraum liefern daher keinen Hinweis auf nachhaltige Resultate, können sich von einem Jahr zum andern ändern und die Erreichung der strategischen Ziele der UBS AG beeinflussen.

Allgemeines Insolvenzrisiko

Jeder Wertpapiergläubiger trägt allgemein das Risiko, dass sich die finanzielle Situation der Emittentin verschlechtern könnte. Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die - auch im Fall der Insolvenz der Emittentin - untereinander - untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt. Die durch die Wertpapiere begründeten Verbindlichkeiten der Emittentin sind nicht durch ein System von Einlagensicherungen oder eine Entschädigungseinrichtung geschützt. Im Falle der Insolvenz der Emittentin könnte es folglich sein, dass die Wertpapiergläubiger einen **Totalverlust** ihrer Investition in die Wertpapiere erleiden.

Auswirkung einer Herabstufung des Ratings der Emittentin

Die allgemeine Einschätzung der Kreditwürdigkeit der Emittentin kann möglicherweise den Wert der Wertpapiere beeinflussen. Diese Einschätzung hängt im Allgemeinen von Ratings ab, die der Emittentin oder mit ihr verbundenen Unternehmen von Rating-Agenturen wie Standard & Poor's, Fitch und Moody's erteilt werden. Die Herabstufung des Ratings der Emittentin durch eine Rating-Agentur kann daher nachteilige Auswirkungen auf den Wert der Wertpapiere haben.

Aufsichtsrechtliche und gesetzliche Veränderungen können die Geschäfte von UBS sowie die Fähigkeit von UBS, die strategischen Pläne umzusetzen, nachteilig beeinflussen

Wesentliche Veränderungen der Gesetze und Bestimmungen, die Finanzinstitute betreffen, könnten sich stark nachteilig auf die Geschäfte der UBS auswirken. Infolge der Finanzkrise in den Jahren 2007 bis 2009 und der anhaltenden Instabilität der globalen Finanzmärkte haben die Aufsichtsbehörden und Gesetzgeber eine Vielzahl von Veränderungen solcher Gesetze und Bestimmungen vorgeschlagen und eingeleitet oder prüfen solche Maßnahmen aktiv. Diese sind im Allgemeinen darauf ausgerichtet, die als Ursachen der Krise wahrgenommenen Punkte anzugehen und die systemischen Risiken, die von den großen Finanzinstituten ausgehen, zu begrenzen. Dazu gehören:

- bedeutend höhere Eigenmittelanforderungen;
- Veränderungen bei der Festlegung und Berechnung der Eigenkapitalanforderungen;
- Veränderungen bei der Berechnung der risikogewichteten Aktiven ("**RWA**");
- Einführung einer verschärften Leverage Ratio;
- neue oder stark erhöhte Liquiditätsanforderungen;
- Anforderungen an die Bereitstellung von Liquidität und Kapital in Jurisdiktionen, in denen Geschäfte getätigt und erfasst werden;
- Beschränkungen der wichtigsten Handels- und sonstiger Aktivitäten;
- neue Lizenzierungs-, Registrierungs- und Compliance-Bestimmungen;

- eine Begrenzung von Risikokonzentrationen und Maximalwerte für Risiken;
- Steuern und Zahlungen an Regierungen, die eine effektive Begrenzung des Bilanzwachstums zur Folge hätten oder die Rentabilität der Handels- oder sonstiger Aktivitäten beeinträchtigen würden;
- eine Vielzahl von Maßnahmen, um Vergütungen zu begrenzen, zu besteuern oder mit zusätzlichen Auflagen zu versehen;
- eine Einführung eines neuen Liquiditätsregimes, mit Priorität auf der Aufrechterhaltung systemrelevanter Funktionen;
- Vorgaben bezüglich der Einführung struktureller oder anderer Veränderungen, um das systemische Risiko zu verringern und die Führung, Umstrukturierung, Aufspaltung oder Liquidation großer Finanzinstitute zu erleichtern;
- Anforderungen zur Übernahme von Risiko-Governance-Strukturen auf Ebene der lokalen Gerichtsbarkeit.

Es wurden verschiedene Maßnahmen ergriffen, die im Laufe der nächsten Jahre umgesetzt werden. In einigen Fällen müssen bis zur endgültigen Umsetzung dieser Maßnahmen noch die jeweiligen Gesetzgeber aktiv werden, oder es sind weitere konkretisierende Auflagen durch die Aufsichtsbehörden notwendig. Entsprechend herrscht große Unsicherheit hinsichtlich einiger der oben aufgeführten Maßnahmen, zum Beispiel darüber, ob (und in welcher Form) sie eingeführt werden, zu welchem Zeitpunkt Vorschriften und Auslegungen umgesetzt werden und was sie beinhalten, und / oder an welchem Datum diese in Kraft treten werden.

Ungeachtet der Versuche der Aufsichtsbehörden, ihre Anstrengungen zu koordinieren, sind die eingeleiteten oder vorgeschlagenen Maßnahmen in den wichtigsten Ländern sehr unterschiedlich, sodass die Führung globaler Institute zunehmend erschwert wird. Das Fehlen eines koordinierten Ansatzes benachteiligt zudem Institute mit Hauptsitz in Ländern, in denen strengere Standards gelten. Die Schweiz hat für ihre großen internationalen Banken Kapital- und Liquiditätsanforderungen aufgestellt, die zu den strengsten unter den bedeutenden Finanzzentren zählen. Dadurch könnten Schweizer Banken wie UBS benachteiligt sein, wenn sie mit anderen Finanzinstituten, für die weniger strenge Regulierungsvorschriften gelten, oder nicht regulierten Nichtbanken in Konkurrenz treten.

Veränderungen der aufsichtsrechtlichen und gesetzlichen Vorschriften in der Schweiz

Im September 2011 änderte das schweizerische Parlament das Bankengesetz, um der «Too-big-to-fail»-Problematik von Großbanken Rechnung zu tragen. Das Gesetz trat per 1. März 2012 in Kraft. Somit wurde die Einführung regulatorischer Veränderungen in der Schweiz allgemein mit größerem Nachdruck vorangetrieben als in anderen Ländern. So setzen die Eidgenössische Finanzmarktaufsicht ("**FINMA**"), die Schweizerische Nationalbank ("**SNB**") und der schweizerische Bundesrat Regulierungsmaßnahmen für Schweizer Großbanken wie UBS um, die wesentlich belastender und einschneidender sind als die Auflagen, die bislang von den Aufsichtsbehörden anderer großer globaler Finanzzentren verabschiedet oder vorgeschlagen wurden.

Die Bestimmungen der geänderten Banken- und der Eigenmittelverordnung zur Umsetzung der «Too-big-to-fail»-Bestimmungen traten am 1. Januar 2013 in Kraft. Diese Verordnungen führen Eigenmittelanforderungen ein, deren Höhe (i) vom Marktanteil von UBS in der Schweiz und (ii) dem Gesamtengagement, einer Kennzahl, welche die Bilanzsumme angibt, abhängt. Dies könnte zu höheren Eigenmittelanforderungen als den öffentlich diskutierten 19% der Basel-III-RWA führen. Wie bereits angekündigt, dürften sich die Eigenmittelanforderungen der UBS voraussichtlich auf 17,5% ermäßigen, wenn man die im Rahmen der im Oktober 2012 angekündigten Beschleunigung der Strategie der UBS geplante Reduzierung des Gesamtengagements berücksichtigt. Behördliche Maßnahmen oder Auslegungen können die Berechnung der Kapitalkennzahlen der UBS beeinflussen und die tatsächlichen Kapitalanforderungen erhöhen. So geht UBS beispielsweise davon aus, dass sich die RWA der UBS von 2013 bis 2019 um jährlich ungefähr 2 bis 3 Milliarden Franken erhöhen werden; dies als Folge des FINMA-Entscheids, beim auf internen Ratings basierenden Ansatz für die RWA-Berechnung von Schweizer Wohnbauhypotheken einen Multiplikator anzuwenden. Zusätzlich gilt für die RWA aus Wohnhypotheken in der Schweiz ab September 2013 ein antizyklischer Puffer von 1%.

Die neuen Bestimmungen gemäß der Banken- und der Eigenmittelverordnung enthalten unter anderem Bestimmungen zu Notfallplänen für systemrelevante Funktionen, zu Stabilisierungs- und

Abwicklungsplänen sowie zu Interventionsmaßnahmen, die beim Unterschreiten bestimmter Schwellen der Eigenkapitalunterlegung zum Tragen kommen könnten. Diese Interventionsschwellen könnten auf einem höheren Eigenkapitalniveau festgelegt werden, als derzeit gesetzlich vorgeschrieben ist, und könnten von der Kapitalstruktur und Art des Pufferkapitals abhängen, über welche die Bank verfügen muss, um die besonderen schweizerischen Anforderungen zu erfüllen.

Falls UBS nicht aufzeigen kann, dass die systemrelevanten Funktionen in der Schweiz auch bei drohender Insolvenz weitergeführt werden können, kann die FINMA weitergehende Anforderungen an UBS stellen. Unter solchen Umständen könnte UBS beispielsweise dazu verpflichtet werden, ihre rechtliche Struktur zu ändern (zum Beispiel durch Übertragung von Geschäftsfeldern auf designierte Einheiten und Restriktionen für gruppeninterne Finanzierungsaktivitäten und bestimmte Garantien) oder das Geschäftsrisiko auf irgendeine Art weiter zu verringern. Das Gesetz sieht auch vor, dass die größten Banken einen Anspruch auf einen Eigenmittelrabatt haben, falls sie nicht nur Maßnahmen zur Sicherstellung systemrelevanter Funktionen im Falle einer Insolvenz, sondern auch weitergehende Maßnahmen ergreifen, welche ihre Abwicklung vereinfachen. Bei derartigen Maßnahmen würde die rechtliche Struktur eines Bankkonzerns so geändert, dass Teile des Konzerns gegen Risiken anderer Teile des Konzerns abgeschirmt wären. Damit wäre es im Falle einer Stabilisierung leichter, Teile des Konzerns zu veräußern oder Teile des Konzerns bei einer Abwicklung zu liquidieren oder zu veräußern, ohne dass andere Teile davon notwendigerweise negativ betroffen wären.

Infolge der jüngsten Veränderungen der regulatorischen Anforderungen in der Schweiz sowie der Vorgaben bezüglich Liquidität in gewissen anderen Jurisdiktionen, in denen UBS tätig ist, müsste UBS insgesamt deutlich höhere Liquiditätsbestände halten, als es ihrer üblichen Praxis in der Vergangenheit entsprach. So wie höhere Kapitalanforderungen führen auch erhöhte Liquiditätsanforderungen dazu, dass gewisse Geschäftssparten primär in der Investment Bank weniger attraktiv werden. Möglicherweise beeinträchtigt dies auch insgesamt ihre Fähigkeit, Gewinne zu erzielen.

Veränderungen der aufsichtsrechtlichen und gesetzlichen Vorschriften außerhalb der Schweiz

Regulatorische und gesetzliche Veränderungen an anderen Standorten, an denen UBS tätig ist, könnten UBS zum Gegenstand diverser neuer Restriktionen machen, sei es in einzelnen Jurisdiktionen oder in gewissen Fällen auf globaler Ebene.

Einige dieser regulatorischen und gesetzlichen Neuerungen könnten mit Auflagen verbunden sein, die verlangen, dass UBS Aktivitäten von Niederlassungen der UBS AG auf Tochtergesellschaften überträgt. Eine derartige Subsidiarisierung kann sowohl zu operationellen Ineffizienzen als auch Kapital- und Steuerineffizienzen und zu einem Anstieg ihres Kreditengagements insgesamt führen, weil Gegenparteien Geschäftsbeziehungen zu mehreren mit UBS AG assoziierten Gesellschaften unterhalten. Zusätzlich könnten höhere lokale Eigenkapitalanforderungen die Folge sein, und möglicherweise Kunden- und Gegenparteibedenken bezüglich der Bonität der Tochtergesellschaft. Diese Veränderungen könnten das Finanzierungsmodell der UBS beeinträchtigen und ihre Buchungsflexibilität stark einschränken. So ist UBS beispielsweise in beträchtlichem Umfang in Großbritannien tätig. Die Londoner Niederlassung der UBS AG ist dabei das globale Buchungszentrum der UBS für viele Arten von Produkten. Die britische Financial Services Authority ("FSA") und die FINMA verlangen, dass UBS ihre britische Tochtergesellschaft, UBS Limited, deutlich stärker kapitalisiert. Außerdem wird UBS wohl auch ihre Buchungspraxis dahingehend ändern müssen, dass die Londoner Niederlassung der UBS AG weniger oder gar nicht mehr als globales Buchungszentrum für die laufenden Geschäftsaktivitäten der Investment Bank zum Einsatz kommt. Darüber hinaus hat die britische Independent Commission on Banking strukturelle und nicht strukturelle Reformen des Bankensektors empfohlen. Diese Empfehlungen werden von der britischen Regierung größtenteils befürwortet. Zu den wichtigsten vorgeschlagenen Maßnahmen gehören die Beschränkung der Retailaktivitäten ("ring-fencing") in Großbritannien, zusätzliche Eigenkapitalanforderungen von bis zu 3% der RWA für Retailbanken und die Emission von Schuldverschreibungen, die sich gegebenenfalls in Eigenkapital umwandeln lassen ("Bail-in"). Solche Maßnahmen könnten einen wesentlichen Einfluss auf ihre Geschäfte in Großbritannien und deren dortige Erfassung haben, wobei die Anwendbarkeit und die Auswirkungen dieser Veränderungen auf die Geschäftsstellen und Tochtergesellschaften ausländischer Banken noch nicht ganz klar sind.

Die Verabschiedung des «Dodd-Frank Act» in den USA wird sich ebenfalls auf eine Reihe Aktivitäten der UBS sowie auf jene anderer Banken auswirken. So ist die Einführung der Volcker Rule per Juli 2012 einer der Gründe für den Ausstieg der UBS aus den Eigenhandelssegmenten im Equities-Bereich der Investment Bank. Für andere Handelsaktivitäten wird UBS voraussichtlich ein Compliance-Programm einführen müssen, inklusive Berechnung von detaillierten Kennzahlen pro Handelsbuch. Eventuell wird auch die Einführung eines globalen Compliance-Plans verlangt. Je nach Beschaffenheit der endgültigen Bestimmungen und der Art und Weise ihrer Umsetzung könnte die Volcker Rule beträchtliche Auswirkungen haben hinsichtlich

Marktliquidität und Wirtschaftlichkeit des Market Making. Durch die Volcker Rule werden Anlagen und andere Transaktionen zwischen Banken und Covered Funds auf breiter Basis eingeschränkt. Die vorgeschlagenen Umsetzungsbestimmungen vergrößern den unter Covered Funds fallenden Bereich und sehen für Aktivitäten von UBS außerhalb der USA nur sehr limitierte Ausnahmen vor. Falls die Regulierungen wie geplant eingeführt werden, könnte dies gewisse Aktivitäten von UBS im Zusammenhang mit Fonds einschränken, insbesondere außerhalb der USA. Die US-Notenbank Federal Reserve veröffentlichte außerdem Ende 2012 Regelungsvorschläge für ausländische Banken in den USA (Abschnitte 165 und 166 des «Dodd-Frank Act»). Diese beinhalten (i) das Erfordernis einer Zwischenholdinggesellschaft für den Besitz einer US-Tochtergesellschaft, (ii) risikobasierte Eigenkapital- und Leverage-Anforderungen, (iii) Liquiditätsanforderungen (sowohl materiell als auch prozedural), (iv) auf einzelne Gegenparteien bezogene Kreditlimiten, (v) Anforderungen bezüglich Risikomanagement und -ausschuss, (vi) Stresstestanforderungen, einschließlich Publikation der Ergebnisse, (vii) eine Obergrenze für das Verhältnis von Schulden zu Eigenkapital und (viii) ein Rahmenwerk für eine frühzeitige Behebung finanzieller Schwachstellen. Die Vorschläge würden unterschiedliche Anforderungen mit sich bringen, je nach Gesamtgröße der ausländischen Bank und dem Umfang ihrer in den USA befindlichen Aktiven. Falls die Regelungen wie vorgeschlagen übernommen werden, wird UBS aufgrund der aktuellen Größe ihres globalen und US-Geschäfts den strengsten Anforderungen unterliegen.

Außerdem haben sich im Jahr 2009 die G-20-Staaten verpflichtet, bis Ende 2012 dafür zu sorgen, dass alle standardisierten OTC-Derivatkontrakte über Börsen oder andere Handelsplattformen gehandelt und im Clearing über zentrale Gegenparteien abgewickelt werden. Dies wird in den USA durch den «Dodd-Frank Act» und in der Europäischen Union (EU) und anderen Jurisdiktionen durch entsprechende Rechtsetzungen ausgeführt. Das OTC-Derivatgeschäft der UBS insbesondere in der Investment Bank ist davon in erheblichem Umfang betroffen. So geht UBS zum Beispiel davon aus, dass die Verlagerung des OTC-Derivathandels auf ein zentrales Clearingmodell tendenziell zu reduzierten Gewinnmargen auf diesen Produkten führend wird. Einige Marktteilnehmer dürften in der Lage sein, diesem Effekt durch höhere Handelsvolumen mit standardisierten Produkten entgegenzuwirken. UBS bereitet sich zwar auf diese Marktveränderungen vor, rechnet jedoch damit, dass diese das Ertragspotenzial bestimmter Geschäftssparten beeinträchtigen werden – für die Marktteilnehmer generell und möglicherweise für UBS. Ende 2012 ließ sich UBS AG in den USA als Swap-Dealer registrieren und konnte so den Swap-Handel mit US-Personen aufrechterhalten. Die von der Commodity Futures Trading Commission («**CFTC**») erlassenen Bestimmungen beinhalten substantielle Neuanforderungen für registrierte Swap-Dealer hinsichtlich Clearing, Handelsabwicklung, Transaktionsreporting, Dokumentation, Risikomanagement und Business Conduct. Dabei gelten seitens der CFTC zeitlich befristete Lockerungen, die das Ausmaß der anwendbaren Bestimmungen für Transaktionen mit US-Personen beschränken. Es wird davon ausgegangen, dass einige Bestimmungen der CFTC, darunter auch diejenigen, die das Reporting von Swap-Daten, die Dokumentation, das Compliance-Programm und die Aufsicht betreffen, nach Ablauf dieser Übergangsfrist auch für UBS weltweit gelten werden. Die Umsetzung dieser Bestimmungen für das Swap-Geschäft von UBS mit Nicht-US-Personen erfordert einen erheblichen Implementierungsaufwand und wird wahrscheinlich dazu führen, dass UBS die gesetzlichen Auflagen für Geschäfte außerhalb der Vereinigten Staaten doppelt erfüllen muss oder dass die Umsetzung im Widerspruch zu diesen Auflagen steht. Dies könnte für UBS einen Wettbewerbsnachteil gegenüber Unternehmen bedeuten, die über keine CFTC-Registrierung als Swap-Dealer verfügen. Die Securities and Exchange Commission («**SEC**») wird erwartungsgemäß in der ersten Jahreshälfte 2013 Vorschläge machen, wie die Regeln für den Handel von wertschriftenbasierten Swaps außerhalb der USA zu handhaben sind, und nach deren Inkrafttreten die Registrierung der entsprechenden Swap-Dealer in den USA verlangen. Die SEC-Regulierung betreffend wertschriftenbasierte Swaps dürfte ähnliche Risiken wie die CFTC-Bestimmungen aufweisen.

Die Auswirkungen auf Geschäfte, die von UBS ganz oder teilweise außerhalb der USA erfasst werden, lassen sich noch nicht abschließend abschätzen, weil viele der Bestimmungen, die zur Umsetzung des «Dodd-Frank Act» notwendig sind, noch nicht definitiv vorliegen.

In vielen Fällen erbringt UBS grenzüberschreitende Dienstleistungen. Die Bestrebungen der EU zur Harmonisierung des Systems für den Zugang von Unternehmen aus Drittländern zum europäischen Binnenmarkt könnten neue Hürden mit sich bringen. Diese könnten die von UBS aus der Schweiz heraus betriebene Geschäftstätigkeit in diesen Jurisdiktionen beeinträchtigen. Zum Beispiel würde die vorgeschlagene Harmonisierung der Bestimmungen zum Zugang von Unternehmen aus Drittländern unter den überarbeiteten europäischen MiFID II / MiFIR-Regeln die Betreuung von Wealth-Management-Kunden in Europa für UBS erheblich erschweren. Da diese Anforderungen noch erarbeitet beziehungsweise überarbeitet werden, lässt sich die Auswirkung auf das Geschäft der UBS mit Kunden, die in der EU domiziliert sind oder dort gebucht werden, nur schwer vorhersagen.

Abwicklung und Sanierung; Bail-in

UBS muss derzeit in den USA, in Großbritannien, in der Schweiz und in Deutschland Sanierungs- und Abwicklungspläne erstellen. Ähnliche Anforderungen werden wahrscheinlich auch für die Geschäftstätigkeit der UBS in anderen Jurisdiktionen gestellt, darunter im Rahmen der vorgeschlagenen Richtlinie zur Sanierung und Abwicklung von Kreditinstituten und Wertpapierfirmen auch ihre Aktivitäten in der Europäischen Union insgesamt. Abwicklungspläne können den Druck erhöhen, strukturelle Veränderungen vorzunehmen, wenn durch eine Analyse der UBS Einschränkungen ermittelt werden, die für die Aufsichtsbehörden inakzeptabel sind. Diese strukturellen Veränderungen könnten ihre Fähigkeit beeinträchtigen, Synergien zwischen Geschäftseinheiten zu nutzen. Sollten sie die Schaffung separater Rechtssubjekte beinhalten, könnte dies andere negative Folgen haben, wie oben in Bezug auf die «Subsidiarisierung» angesprochen.

Außerdem haben zahlreiche Jurisdiktionen, darunter die Schweiz, die USA, Großbritannien und die EU, Veränderungen umgesetzt, nach denen Abwicklungsbehörden die Befugnis erhalten, Forderungen in Eigenkapital umzuwandeln ("Bail-in"), oder ziehen eine derartige Umsetzung in Betracht. Das Ausmaß der «Bail-in»-Befugnis und die rechtlichen Mechanismen, die dafür herangezogen werden, müssen noch ausgearbeitet und ausgelegt werden. Abhängig vom Ergebnis könnte sich die «Bail-in»-Befugnis wesentlich auf die Finanzierungskosten von UBS auswirken.

Die geplanten und potenziellen aufsichtsrechtlichen und legislativen Entwicklungen in der Schweiz und in anderen Ländern, in denen UBS Geschäfte tätig, könnten sich stark nachteilig auf ihre Fähigkeit auswirken, ihre strategischen Pläne umzusetzen. Gleichzeitig könnte sich die Frage stellen, ob sich einzelne Geschäftssegmente global oder an bestimmten Standorten noch auf profitable und tragfähige Art aufrechterhalten lassen oder inwiefern UBS in gewissen Fällen gegenüber anderen Finanzinstituten noch konkurrenzfähig ist. Ihre Umsetzung dürfte kostspielig sein, und auch die Rechtsstruktur der UBS oder ihr Geschäftsmodell könnte davon negativ betroffen sein. Zu guter Letzt könnte die mit gesetzlichen oder regulatorischen Veränderungen einhergehende Unsicherheit oder die Umsetzung derartiger Veränderungen negative Auswirkungen auf die Kundenbeziehungen der UBS und auf ihr Wachstumspotenzial im Kundengeschäft haben.

Die Kapitalstärke der UBS ist wichtig für die Umsetzung ihrer Strategie und den Erhalt ihrer Kundenbasis und Wettbewerbsfähigkeit

Die Kapitalposition der UBS, wie sie anhand des BIZ-Kernkapitals (Tier 1), der gesamten Kapitalkennzahlen und der harten Kapitalquote gemäß Basel III gemessen wird, wird bestimmt durch (i) die risikogewichteten Aktiven (RWA), das heißt Kredit-, nicht gegenparteibezogene, Markt- und operative Risikopositionen, die nach regulatorischen Kriterien berechnet und risikogewichtet werden, sowie (ii) die anrechenbaren eigenen Mittel. Sowohl bei den RWA als auch bei den anrechenbaren eigenen Mitteln kann es zu Änderungen kommen. Die anrechenbaren eigenen Mittel würden sinken, wenn UBS Nettoverluste oder Verluste beim Übrigen Comprehensive Income erleidet, nach Maßgabe der regulatorischen Kapitalberechnung. Dies könnte UBS auch die Aufbringung neuer Mittel erschweren oder verteuern. Die anrechenbaren eigenen Mittel könnten sich auch aus einer Reihe von weiteren Gründen reduzieren, zum Beispiel: gewisse Rating-Senkungen bei verbrieften Engagements; ungünstige Währungseffekte, die sich auf den Wert des Eigenkapitals auswirken; Bewertungsanpassungen, die aufgrund der mit gewissen Arten von Positionen verbundenen Bewertungsunsicherheit von den Aufsichtsbehörden gefordert werden; und Veränderungen im Wert von bestimmten Vorsorgevermögenswerten, die unter Other Comprehensive Income erfasst werden. Für die RWA hingegen sind die Geschäftsaktivitäten der UBS und Änderungen des Risikoprofils ihrer Engagements ausschlaggebend. Eine Erhöhung der RWA könnte beispielsweise hervorgerufen werden durch eine ausgeprägte Marktvolatilität, eine Ausweitung der Kreditspreads (wichtigster Treiber für den Value-at-Risk der UBS), ungünstige Währungseffekte, ein steigendes Gegenparteirisiko, die Verschlechterung des Wirtschaftsumfelds oder einen Anstieg der operationellen Risiken. Jede Reduktion der anrechenbaren eigenen Mittel oder Zunahme der RWA hätte eine wesentliche Verschlechterung der Kapitalkennzahlen der UBS zur Folge.

Die vorgeschriebene Höhe und Berechnung des regulatorischen Eigenkapitals der UBS sowie die Berechnung ihrer RWA werden auch beeinflusst durch Änderungen der regulatorischen Anforderungen oder deren Auslegung. UBS unterliegt den Eigenmittelanforderungen der FINMA, die höhere risikogewichtete Aktiven vorsehen als die von der Bank für Internationalen Zahlungsausgleich übernommenen Basel-III-Richtlinien. Die Änderungen bei der Berechnung der risikogewichteten Aktiven im Rahmen von Basel III und der FINMA-Anforderungen (wie zum Beispiel die revidierte Behandlung von Verbriefungsengagements unter Basel III) haben das Niveau der risikogewichteten Aktiven der UBS spürbar angehoben und sich folglich negativ auf ihre Kapitalkennzahlen ausgewirkt. UBS hat angekündigt, die RWA sehr deutlich zu verringern und die Folgen im Zusammenhang mit den Änderungen bei der RWA-Berechnung zu begrenzen. Es besteht jedoch das Risiko, dass UBS dies nicht gelingen wird – entweder weil

UBS die geplanten Maßnahmen nicht vollumfänglich erfolgreich umsetzen kann oder weil der Nutzen dieser Maßnahmen durch andere geschäftsspezifische oder aufsichtsrechtliche Entwicklungen begrenzt wird.

Neben den risikobasierten Eigenkapitalanforderungen unterliegt UBS auch einer von der FINMA eingeführten Leverage Ratio für systemrelevante Banken. Diese gilt unabhängig von der risikobasierten Eigenkapitalquote und könnte unter bestimmten Umständen die Geschäftsaktivitäten der UBS selbst dann beeinträchtigen, wenn es UBS gelänge, die risikobasierte Eigenkapitalquote zu erreichen.

Änderungen der für die Schweiz geltenden Anforderungen an die risikobasierte Kapitalquote oder die Leverage Ratio – ob sie nun die für die großen Schweizer Banken erforderlichen Mindestniveaus oder deren Berechnung betreffen (inklusive der Änderungen des Bankgesetzes im Rahmen der Einführung der «Too-big-to-fail»-Maßnahmen) – könnten sich stark nachteilig auf die Geschäfte der UBS auswirken. Auch ihre internationale Konkurrenzfähigkeit gegenüber Instituten, die anderen aufsichtsrechtlichen Auflagen unterliegen, könnte darunter leiden.

UBS kann ihre angekündigten strategischen Pläne möglicherweise nicht erfolgreich umsetzen

Im Oktober 2012 kündigte UBS eine deutlich beschleunigte Umsetzung ihrer Strategie an. Die Ziele dieser Strategie sind unter anderem, die Investment Bank auf ihre traditionellen Stärken hin auszurichten, die RWA gemäß Basel III erheblich zu reduzieren, die Kapitalposition der UBS weiter zu stärken sowie im gesamten Konzern die Kosten signifikant zu senken und die Effizienz zu steigern. Es besteht das Risiko, dass UBS ihre Pläne nicht erfolgreich umsetzen können, unter anderem, weil sie die geplanten Maßnahmen nicht vollumfänglich ausführen kann, oder dass die Strategie, auch wenn UBS sie wie geplant umsetzen kann, nicht die beabsichtigte Wirkung zeigt.

Im Rahmen ihrer Strategie zieht UBS sich aus bestimmten Geschäftsfeldern zurück, insbesondere denjenigen, die früher im Fixed-Income-Bereich der Investment Bank angesiedelt waren und aufgrund von regulatorischen Veränderungen und Marktentwicklungen weniger attraktiv geworden sind. Das Corporate Center der UBS hat die Aufgabe, die früher in der Investment Bank angesiedelten Non-Core-Positionen und deren Abbau so zu bewirtschaften, dass für die Aktionäre die größtmögliche Wertschöpfung resultiert. Durch die Liquidation dieser Positionen und derjenigen im zuvor auf das Corporate Center übertragenen Legacy Portfolio entstehen Verluste für UBS, falls der Veräußerungswert unterhalb des Buchwerts dieser Positionen liegt. Dies könnte der Fall sein, wenn Marktkurse rückläufig sind, illiquide oder volatile Marktbedingungen herrschen oder andere Institute zur gleichen Zeit versuchen, ähnliche Vermögenswerte zu veräußern. Aufgrund dieser Faktoren kann es für UBS unmöglich oder nicht ratsam sein, die Abwicklungen und die entsprechende Reduzierung der risikogewichteten Aktiven und der Bilanzsumme so zügig wie von UBS geplant umzusetzen.

UBS hat außerdem bekannt gegeben, dass UBS zusätzlich zu dem im August 2011 angekündigten Sparprogramm im Volumen von 2 Milliarden Franken die Kosten um zusätzliche 3,4 Milliarden Franken durch Maßnahmen in der Investment Bank sowie weitere konzernweite Effizienzmaßnahmen senken will. Der Erfolg ihrer Strategie und ihre Fähigkeit, bestimmte angekündigte Ziele zu erreichen, hängen in hohem Masse von der Wirksamkeit der Kosteneinsparungs- und Effizienzmaßnahmen ab, die UBS sich vorgenommen hat. Wie bei vielen großen Kostensenkungs- und Effizienzprogrammen sind auch die Pläne der UBS mit erheblichen Risiken behaftet. Dazu gehören die Risiken, dass die Restrukturierungskosten höher ausfallen und früher erfasst werden müssten als von UBS prognostiziert oder dass UBS keine sinnvollen Möglichkeiten für Kosteneinsparungen im Rahmen ihres Sparziels identifizieren kann, die auch mit ihren Unternehmenszielen im Einklang stehen. Weiter könnte UBS bei der Umsetzung ihrer Kosteneinsparungs- und Effizienzprogramme mit unbeabsichtigten Folgen wie dem Verlust oder dem Abbau von Kapazitäten konfrontiert sein, die UBS benötigt, um ihre Wettbewerbsposition zu behaupten und ihre Renditeziele zu erreichen.

Der gute Ruf der UBS ist für den Erfolg der Geschäfte der UBS von zentraler Bedeutung

Ein Reputationsschaden kann das Geschäft der UBS und die Zukunftsaussichten der UBS maßgeblich beeinträchtigen. Es ist schwierig, einen erlittenen Reputationsschaden wieder zu beheben. Der Erholungsprozess verläuft langsam und Fortschritte sind möglicherweise schwer messbar. Wie sich in den letzten Jahren gezeigt hat, haben die enormen Verluste der UBS während der Finanzkrise, die Probleme mit dem grenzüberschreitenden US-Geschäft und andere Angelegenheiten dem Ansehen der UBS ernstlich geschadet. Reputationsschäden waren ein wesentlicher Grund dafür, dass das Vermögensverwaltungsgeschäft der UBS Kunden und Kundenvermögen verloren hat, und trugen auch dazu bei, dass UBS 2008 und 2009 Mitarbeiter verloren hat und Neueinstellungen schwierig waren. Diese Entwicklungen wirkten sich sowohl kurz- als auch längerfristig negativ auf die Finanzperformance der UBS aus. UBS erkannte, dass die Wiederherstellung ihrer Reputation für ihre weiteren Beziehungen mit Kunden,

Anlegern, Aufsichtsbehörden, der Öffentlichkeit sowie ihren Mitarbeitern von größter Bedeutung ist. In jüngster Vergangenheit hatten die im September 2011 bekannt gewordenen unautorisierten Handelsgeschäfte und die Verwicklung der UBS in den Libor-Skandal ebenfalls negative Folgen für die Reputation der UBS. Sollte UBS weiteren Reputationsschaden erleiden, könnte dies das operative Ergebnis und die Finanzlage der UBS stark belasten und UBS daran hindern, ihre strategischen und finanziellen Ziele zu erreichen.

Aus der Geschäftstätigkeit der UBS können wesentliche rechtliche und regulatorische Risiken erwachsen

Aufgrund der Art ihrer Geschäftstätigkeit untersteht UBS der Aufsicht der entsprechenden Behörden und unterliegen einem Haftungsrisiko. Als globales Finanzdienstleistungsunternehmen, das in über 50 Ländern präsent ist, muss UBS zahlreiche unterschiedliche gesetzliche, steuerliche und regulatorische Vorschriften befolgen. UBS ist in verschiedene Klagen, Rechtsstreitigkeiten sowie rechtliche Verfahren und staatliche Ermittlungen in Ländern involviert, in denen UBS tätig ist. Dadurch kann UBS großen finanziellen Schäden und Prozesskosten, Unterlassungsansprüchen, straf- und zivilrechtlichen Maßnahmen sowie regulatorischen Einschränkungen ihrer Geschäftstätigkeit ausgesetzt sein. Die Folgen und ihre mögliche Auswirkung auf das zukünftige Geschäft der UBS oder ihr Finanzergebnis lassen sich meist nur äußerst schwer prognostizieren.

UBS ist weiterhin mit staatlichen Anfragen und Untersuchungen konfrontiert sowie in eine Reihe von Rechtsstreitigkeiten und Auseinandersetzungen involviert, die auf die Finanzkrise in den Jahren 2007 bis 2009 zurückgehen. Außerdem ist UBS einer Reihe von Klagen, Rechtsstreitigkeiten sowie rechtlichen Verfahren und staatlichen Ermittlungen ausgesetzt, die nicht mit der Finanzkrise in Verbindung stehen, und gehen davon aus, dass die laufenden Geschäftstätigkeiten der UBS auch in Zukunft zu derartigen Vorfällen Anlass geben. Fälle, mit denen UBS aktuell konfrontiert ist und die möglicherweise materielle Auswirkungen haben könnten, beinhalten Schadenersatzforderungen im Zusammenhang mit dem Verkauf von RMBS- und Hypothekendarlehen in den USA, Retrozessionen in der Schweiz, Libor-bezogene Klagen und die Schadloshaltung betreffend Banco Pactual bezüglich eventueller Steuerforderungen.

Im Dezember 2012 kündigte UBS an, dass UBS im Zusammenhang mit den Libor-Untersuchungen Vergleichen zustimmen und Geldstrafen und Gewinnherausgaben in Höhe von 1,4 Milliarden Franken an Aufsichtsbehörden in den USA, in Großbritannien und in der Schweiz entrichten. Zudem bekannte sich UBS Securities Japan Co. Ltd. in einem Anklagepunkt bezüglich des Missbrauchs elektronischer Kommunikation («Wire Fraud») im Zusammenhang mit der Manipulation bestimmter Referenzzinssätze für schuldig. Die Vergleiche führen nicht zum Abschluss von Untersuchungen anderer Behörden oder zivilrechtlicher Schadenersatzklagen, die von privaten und staatlichen Klägern im Zusammenhang mit Eingaben für Libor oder andere Referenzzinssätze geltend gemacht worden sind oder in Zukunft geltend gemacht werden können. Das Ausmaß des finanziellen Risikos der UBS in Verbindung mit diesen offenen Angelegenheiten lässt sich nur äußerst schwer abschätzen und könnte erheblich sein.

Die Vergleiche im Libor-Fall zeigen sehr deutlich das erheblich gestiegene finanzielle Risiko, das inzwischen in großen Jurisdiktionen, insbesondere in den USA und in Großbritannien, mit regulatorischen Fragen und der Durchsetzung regulatorischer Vorschriften verbunden ist. Obwohl UBS bei den Untersuchungen vollumfänglich mit den Behörden kooperierte, wurden diese sehr hohen Beträge festgesetzt und eine UBS-Tochtergesellschaft musste sich für schuldig bekennen. Daraufhin wurde UBS im Zusammenhang mit bestimmten Referenzzinssätzen von den Kartellbehörden in einer Reihe von Jurisdiktionen, darunter auch die USA und die Schweiz, eine bedingte Ermäßigung der Geldbuße oder bedingte Immunität zugesichert. UBS geht davon aus, dass die US-Behörden bei der Festlegung der Konsequenzen für UBS die Tatsache berücksichtigt haben, dass in jüngster Vergangenheit in zahlreichen anderen Angelegenheiten schweres Fehlverhalten von UBS festgestellt worden war. Aufgrund dieser Historie und der Einschätzung der Aufsichtsbehörden könnte das Risikoniveau von UBS in Bezug auf die Durchsetzung von Maßnahmen seitens der Aufsichtsbehörden höher sein als bei Mitbewerbern.

Angesichts des Gesamtengagements der UBS und des gegenwärtigen regulatorischen und politischen Klimas, mit dem sich Finanzinstitute konfrontiert sehen, geht UBS davon aus, dass sich die Rückstellungen für rechtliche, regulatorische und ähnliche Verfahren noch mindestens für 2013 weiterhin auf erhöhtem Niveau bewegen werden.

UBS ist entschlossen, die oben erwähnten und andere Punkte vollständig und konstruktiv anzugehen. UBS befindet sich aktiv im Dialog mit ihren Aufsichtsbehörden bezüglich der Maßnahmen, die UBS zur Verbesserung ihrer operativen Risikobewirtschaftung und -kontrolle ergreift. Seit den von ihr 2007 und 2008 erlittenen Verlusten wird UBS von der Bankenaufsicht sehr genau beobachtet. Bestimmte regulatorische Maßnahmen, denen UBS ausgesetzt war, schränkt ihre strategische Flexibilität ein. UBS ist

zwar der Auffassung, dass sie die Schwachstellen behoben hat, die zu den erheblichen Verlusten während der Finanzkrise in den Jahren 2007 bis 2009, den im September 2011 bekannt gewordenen unautorisierten Handelsgeschäften und den Vergleichen im Libor-Fall geführt haben. Es hat sich jedoch gezeigt, dass die Auswirkungen dieser Vorfälle auf die Reputation der UBS und die Beziehung der UBS zu den Aufsichtsbehörden schwieriger zu überwinden sind. Zum Beispiel informierte die FINMA UBS nach dem Vorfall der unautorisierten Handelsgeschäfte, dass UBS keine Akquisitionen in ihrer Investment Bank tätigen dürfe (es sei denn, die FINMA gewährt eine Ausnahme) und dass wesentliche neue Geschäftsinitiativen in dieser Einheit der Überwachung der FINMA unterliegen. UBS hat die Bewirtschaftung und Kontrolle operationeller Risiken zwar allgemein deutlich verbessert und haben vor allem die Schwachstellen in Angriff genommen, die durch die unautorisierten Handelsgeschäfte zu Tage getreten sind. Dennoch wurden diese speziellen Beschränkungen bisher nicht von der FINMA aufgehoben, da eine unabhängige Bestätigung der Wirksamkeit dieser Verbesserungen zur Zufriedenheit der FINMA noch aussteht. Dieses Beispiel zeigt, dass Probleme in Bezug auf die Beziehungen der UBS zu Aufsichtsbehörden die Umsetzung der Geschäftsstrategie der UBS möglicherweise negativ beeinflussen können.

Die Ergebnisse der Finanzdienstleistungsbranche hängen von den Marktbedingungen und vom makroökonomischen Umfeld ab

Damit sich die Finanzdienstleistungsbranche positiv entwickelt, braucht es Wirtschaftswachstum, stabile geopolitische Bedingungen, transparente, liquide und dynamische Kapitalmärkte sowie eine positive Anlegerstimmung. Eine Konjunkturabkühlung, konstant niedrige Zinsen oder eine schwere Finanzkrise können die Erträge und letztlich die Kapitalbasis der UBS in Mitleidenschaft ziehen.

Mögliche Auslöser für schwache Märkte und makroökonomische Bedingungen sind geopolitische Ereignisse, Veränderungen der Geld- oder Fiskalpolitik, Ungleichgewichte in der Handelsbilanz, Naturkatastrophen, Pandemien, öffentliche Unruhen, Krieg oder Terrorismus. Da die Finanzmärkte global und eng miteinander verwoben sind, können auch lokale und regionale Ereignisse Folgen haben, die weit mehr als nur die betroffenen Länder erschüttern. Turbulenzen in den Emerging Markets oder entwickelten Ländern, die auf makroökonomische und politische Ereignisse heftig reagieren, könnten eine regionale oder globale Krise hervorrufen. Auch die Insolvenz eines wichtigen Marktteilnehmers könnte eine solche Systemkrise auslösen. UBS hält beträchtliche Engagements in einigen dieser Märkte, sowohl als Vermögensverwalter als auch als Investment Bank. Zudem sind die strategischen Pläne der UBS zunehmend davon abhängig, ob UBS in der Lage ist, Wachstum und Ertrag in den Emerging Markets zu generieren. Deshalb ist UBS auch in erhöhtem Maß den damit verbundenen Risiken ausgesetzt. Die anhaltende Krise in der Eurozone und die ungelösten US-Fiskalprobleme zeigen, dass makroökonomische und politische Entwicklungen unvorhersehbare und destabilisierende Folgen haben können. Negative Entwicklungen dieser Art haben die Geschäfte der UBS in verschiedener Hinsicht beeinträchtigt und könnten dies auch künftig tun:

- Allgemein geringere Geschäftsaktivitäten und Marktvolumen wie in den letzten zwei Jahren beeinträchtigen die Gebühren, Kommissionen und Margenerträge aus dem Market Making sowie aus Kundentransaktionen und -aktivitäten; lokale oder regionale wirtschaftliche Faktoren, wie zum Beispiel die anhaltende Staatsschuldenkrise in der Eurozone und Bedenken zur Bankenbranche, könnten sich ebenfalls negativ auf UBS auswirken.
- Eine Marktschwäche könnte das Volumen sowie die Bewertungen der Kundenvermögen und somit die vermögens- und performanceabhängigen Erträge der UBS verringern.
- Eine weitere anhaltende Phase mit niedrigen Zinsen könnte die Zinsmargen in einzelnen der Geschäfte der UBS weiter gefährden.
- Eine niedrigere Marktliquidität schränkt die Handels- und Arbitragegelegenheiten ein und behindert die Fähigkeit der UBS zur Risikobewirtschaftung, was wiederum die Einkünfte aus dem Handelsgeschäft und die performanceabhängigen Erträge belastet.
- Die Vermögenswerte, die UBS besitzt und als Anlagen oder Handelspositionen hält, könnten von Wertminderungen betroffen sein.
- Die Wertminderungen und Ausfälle bei Kreditengagements sowie bei Handelspositionen und Anlagen könnten zunehmen, und diese Verluste könnten durch den sinkenden Wert von Sicherheiten zusätzlich steigen.

- Wenn einzelne Länder die grenzüberschreitenden Zahlungen einschränken oder sonstige Devisen- oder Kapitalverkehrskontrollen auferlegen oder ihre Währung ändern (beispielsweise bei einem Austritt eines oder mehrerer Länder aus der Eurozone), könnte UBS Verluste aus Ausfällen von Gegenparteien erleiden, keinen Zugang zu ihren eigenen Vermögenswerten haben oder in der Risikobewirtschaftung behindert beziehungsweise davon abgehalten werden.

Da UBS wesentliche Engagements gegenüber anderen großen Finanzinstituten hat, könnte sich der Ausfall eines oder mehrerer solcher Institute stark auf UBS auswirken.

Die oben genannten Entwicklungen könnten die Ergebnisse der Geschäftseinheiten der UBS und von UBS insgesamt und letztlich auch die Finanzlage der UBS erheblich belasten. Wie weiter unten erklärt, geht damit auch das Risiko einher, dass der Buchwert des Goodwills einer Unternehmenseinheit berichtigt und das Niveau der latenten Steueransprüche allenfalls angepasst werden müsste.

UBS hält Legacy- und andere Risikopositionen, die von den Bedingungen an den Finanzmärkten beeinträchtigt werden könnten; Legacy-Risikopositionen könnten schwierig zu liquidieren sein

Die Finanzkrise, die 2007 einsetzte, hat UBS wie auch andere Finanzmarktteilnehmer schwer getroffen. Die Finanzmärkte haben seit Ausbruch der Krise historisch gesehen extrem hohe Verluste erlitten, und UBS verzeichnet insbesondere 2008 und 2009 beträchtliche Verluste auf Positionen im Fixed-Income-Handel. Obwohl UBS ihre Risikopositionen ab 2008 deutlich abgebaut und in jüngster Zeit ihre Strategie umgesetzt und sich auf die Einhaltung der Kapitalanforderungen gemäß Basel III konzentriert hat, besitzt UBS weiterhin beträchtliche Legacy-Risikopositionen. In vielen Fällen sind diese Risikopositionen weiterhin illiquide, und UBS ist nach wie vor dem Risiko ausgesetzt, dass die verbleibenden Positionen erneut an Wert einbüßen könnten. Im vierten Quartal 2008 und im ersten Quartal 2009 wurden gewisse dieser Positionen für Rechnungslegungszwecke von zum Fair Value auf zu amortisierten Anschaffungskosten bewertete Forderungen und Ausleihungen umklassiert; diese Vermögenswerte sind Gegenstand möglicher Wertberichtigungen aufgrund von Änderungen der Marktzinssätze und anderen Faktoren.

UBS hat Pläne angekündigt und setzt diese um mit dem Ziel, ihre risikogewichteten Aktiven im Zusammenhang mit den Legacy-Risikopositionen massiv abzubauen. Es besteht aber keine Gewähr, dass UBS diese Bestände so schnell wie vorgesehen reduzieren kann oder dabei nicht beträchtliche Verluste erleidet. Insbesondere die anhaltende Illiquidität und Komplexität vieler dieser Legacy-Risikopositionen könnte es schwierig machen, sie zu verkaufen oder anderweitig zu liquidieren. Gleichzeitig ist die Strategie der UBS stark davon abhängig, ob UBS in der Lage ist, die risikogewichteten Aktiven im Zusammenhang mit diesen Engagements in großem Umfang zu reduzieren, damit UBS ihre künftigen Kapitalziele ohne inakzeptable Verluste erreichen kann. Wenn UBS außerdem in Zukunft ihre Option für den Rückkauf des Eigenkapitalanteils an der SNB-Zweckgesellschaft von Tochtergesellschaften der Schweizerischen Nationalbank ausübt, könnten jegliche in diesem Vehikel verbleibende Positionen das Risikoengagement der UBS und die RWA erhöhen, bis sie liquidiert werden können.

UBS hält Positionen in Verbindung mit Immobilien in verschiedenen Ländern, und UBS könnte durch diese Positionen Verluste erleiden. In diesen Positionen ist ein äußerst umfangreiches Portfolio von Schweizer Hypotheken enthalten. Die Geschäftsleitung ist zwar der Auffassung, dass dieses Portfolio sehr umsichtig verwaltet worden ist. UBS könnte aber trotzdem Verlusten ausgesetzt sein, sofern sich die durch die Schweizerische Nationalbank und andere Entscheidungsträger geäußerten Bedenken bezüglich einer untragbaren Preiserhöhung am Schweizer Immobilienmarkt als zutreffend erweisen würden.

Außerdem ist UBS in ihrem Prime-Brokerage-, Reverse-Repo- und Lombardkreditgeschäft Risiken ausgesetzt, da der Wert oder die Liquidität von zur Finanzierung hinterlegten Vermögenswerten rasch abnehmen kann.

Aufgrund ihrer globalen Präsenz unterliegt UBS Risiken, die sich aus Währungsschwankungen ergeben

Die Erstellung der konsolidierten Jahresrechnung der UBS erfolgt in Schweizer Franken. Ein bedeutender Teil der Aktiven und Passiven, verwalteten Vermögen, Erträge und Aufwendungen der UBS lautet jedoch auf andere Währungen, vornehmlich auf US-Dollar, Euro und britische Pfund. Daher können sich Wechselkurschwankungen auf den ausgewiesenen Ertrag und Aufwand und die sonstigen ausgewiesenen Zahlen wie die verwalteten Vermögen, die Bilanzsumme, die RWA und das BIZ-Kernkapital auswirken. Dies gilt insbesondere für den Wechselkurs zwischen dem Schweizer Franken und dem US-Dollar, denn die US-Dollar-Erträge machen den wesentlichen Teil der von UBS nicht in Schweizer Franken erwirtschafteten Erträge aus. Im ersten Halbjahr 2011 beispielsweise hatte die Aufwertung des Schweizer Frankens, vor allem gegenüber dem US-Dollar und dem Euro, negative Auswirkungen auf die Erträge und die verwalteten

Vermögen der UBS. Weil die Wechselkurse laufend und manchmal aus völlig unvorhersehbaren Gründen schwanken, unterliegen die Ergebnisse der UBS den Risiken, die sich aus den Veränderungen des relativen Werts dieser Währungen ergeben.

UBS ist auf ihre Risikomanagement- und –kontrollprozesse angewiesen, um mögliche Verluste bei Handelsgeschäften der UBS sowie Kreditgeschäften mit Gegenparteien zu verhindern oder zu begrenzen

Die Übernahme kontrollierter Risiken bildet einen wesentlichen Teil des Finanzdienstleistungsgeschäfts. Kredite sind ein integrierender Bestandteil einer Vielzahl der Geschäfte der UBS mit Retail-, Firmen- und Wealth-Management-Kunden sowie der Aktivitäten der Investment Bank. Darunter fallen Kredit-, Emissions- sowie Derivatgeschäfte. Veränderungen bei Zinssätzen, Kreditspreads, Aktienkursen, Marktvolatilität und -Liquidität, Wechselkursen sowie andere Marktentwicklungen können sich negativ auf die Erträge der UBS auswirken. Bestimmte Verluste aus Aktivitäten, die mit Risiken verbunden sind, lassen sich nicht vermeiden. Für den langfristigen Erfolg muss UBS jedoch die eingegangenen Risiken gegenüber den erzielten Renditen abwägen. Dazu muss UBS ihre Risiken sorgfältig ermitteln, beurteilen, bewirtschaften und überwachen – nicht nur in Bezug auf normale, sondern auch in Bezug auf extremere Marktbedingungen. In solchen Stresssituationen können Risikokonzentrationen zu massiven Verlusten führen.

Wie die Finanzkrise in den Jahren 2007 bis 2009 gezeigt hat, ist UBS nicht immer in der Lage, größere Verluste infolge heftiger oder unvermittelter Marktereignisse abzuwenden, die von Maßnahmen und Systemen zur Risikokontrolle der UBS nicht abgedeckt werden. Der Value-at-Risk, eine statistische Messgröße für das Marktrisiko, wird aus historischen Marktdaten hergeleitet, weshalb er per Definition die in der Finanzkrise unter Stressbedingungen erlittenen Verluste nicht antizipieren konnte. Hinzu kam, dass sich die Stressverlust- und Konzentrationskontrollen sowie das Maß, in dem UBS zur Ermittlung potenziell stark korrelierender Engagements Risiken bündelt, als unzureichend herausstellten. Trotz der Maßnahmen, die UBS zur Stärkung des Risikomanagements und der Risikokontrollen unternommen hat, könnte UBS in der Zukunft weitere Verluste erleiden, zum Beispiel wenn:

- es nicht gelingt, die Risiken im Portfolio der Bank, namentlich Risikokonzentrationen und korrelierende Risiken, vollständig zu ermitteln;
- sich die Beurteilung der UBS der ermittelten Risiken oder die Reaktion der UBS auf negative Trends als unangemessen oder falsch erweist;
- sich auf den Märkten Entwicklungen ergeben, deren Geschwindigkeit, Richtung, Ausmaß oder Korrelation UBS nicht erwartet hat, weshalb ihre Fähigkeit zur Risikobewirtschaftung im resultierenden Umfeld betroffen ist;
- Dritte, mit denen UBS ein Kreditengagement eingegangen ist oder deren Wertschriften UBS auf eigene Rechnung hält, durch von Modellen der UBS nicht antizipierte Ereignisse schweren Schaden nehmen und UBS folglich unter Ausfällen und Wertminderungen leidet, die das in ihrer Risikobeurteilung erwartete Niveau übersteigen;
- sich die Pfänder und andere Sicherheiten der Gegenparteien der UBS zum Zeitpunkt des Ausfalls für die Deckung ihrer Verpflichtungen als ungenügend erweisen.

In ihren Wealth-Management- und Asset-Management-Geschäften bewirtschaftet UBS zudem Risiken im Namen ihrer Kunden. Die Performance der UBS bei diesen Aktivitäten könnte durch die gleichen Faktoren in Mitleidenschaft gezogen werden. Wenn Kunden Verluste erleiden oder die Performance ihrer bei UBS platzierten Vermögenswerte nicht an jene Benchmarks heranreicht, an denen sich die Kunden orientieren, kann dies zu niedrigeren Gebührenerträgen und rückläufigen verwalteten Vermögen oder zur Auflösung von Mandaten führen.

Sollte UBS sich entscheiden, einen Fonds oder ein anderes Investment im Rahmen ihrer Asset-Management- und Wealth-Management-Geschäfte zu unterstützen (wie den Immobilienfonds, in dem Wealth Management engagiert ist), könnte dies unter Umständen Kosten in erheblicher Höhe nach sich ziehen.

Anlagepositionen – zum Beispiel Beteiligungen im Rahmen strategischer Initiativen und Seed-Investitionen bei der Gründung von Fonds, die durch UBS verwaltet werden – können ebenfalls von Marktrisikofaktoren beeinflusst werden. Diese Arten von Anlagen sind oft nicht liquide, und es ist im Allgemeinen beabsichtigt beziehungsweise notwendig, sie über einen längeren Zeithorizont zu halten als für Handelszwecke üblich.

Sie unterliegen einem speziellen Kontrollrahmen. Eine Abnahme des Fair Value solcher Positionen würde die Erträge der UBS schmälern.

Bewertungen bestimmter Positionen hängen von Modellen ab, die naturgemäß ihre Grenzen haben und die unter Umständen Daten aus nicht beobachtbaren Quellen anwenden

Nach Möglichkeit weist UBS ihre für den Handel gehaltenen Vermögenswerte und andere Positionen zu einem Wert aus, der den gestellten Preisen in einem aktiven Markt entspricht. Solche Preisinformationen sind für gewisse Instrumente unter Umständen nicht verfügbar, weshalb UBS zur Bewertung solcher Instrumente Bewertungsmethoden einsetzt. Diese Bewertungsmethoden beruhen, falls vorhanden, auf beobachtbaren Marktfaktoren, die von ähnlichen Instrumenten in vergleichbaren aktiven Märkten, von aktuellen Transaktionspreisen für vergleichbare Vermögenswerte oder von anderen beobachtbaren Marktdaten abgeleitet werden. Bei Positionen, für die keine beobachtbaren beziehungsweise nur begrenzt beobachtbare Inputs zur Verfügung stehen, die für die Bewertungstechniken notwendig sind, verwendet UBS Bewertungsmodelle mit nicht beobachtbaren Marktdaten. Für derlei Bewertungsmodelle existiert kein einheitlicher Marktstandard.

Solche Modelle haben naturgemäß ihre Grenzen; unterschiedliche Annahmen und Daten führen zu unterschiedlichen Ergebnissen. Solche Differenzen könnten wiederum das Finanzergebnis von UBS maßgeblich beeinflussen.

UBS überprüft und aktualisiert ihre Bewertungsmodelle regelmäßig, um sämtliche Faktoren einzubeziehen, welche die Marktteilnehmer bei der Preisbildung berücksichtigen. Diese umfassen auch die aktuellen Marktverhältnisse. Ermessen ist ein wichtiger Faktor in diesem Prozess. Veränderungen der Inputdaten beziehungsweise der Modelle selbst oder das Ausbleiben der erforderlichen Anpassungen an sich wandelnde Marktbedingungen könnten das Finanzergebnis der UBS erheblich belasten.

UBS ist möglichen Abflüssen von Kundenvermögen in ihrem Vermögensverwaltungsgeschäft und Veränderungen ausgesetzt, welche die Profitabilität des Unternehmensbereichs Wealth Management der UBS beeinträchtigen können

2008 und 2009 verzeichnete UBS erhebliche Nettoabflüsse von Kundengeldern in den Wealth-Management- und Asset-Management-Geschäften der UBS. Diese Nettoabflüsse waren auf verschiedene Faktoren zurückzuführen, darunter die erheblichen Verluste der UBS, der Reputationsschaden, der Weggang von Kundenberatern, die Schwierigkeit, qualifizierte Kundenberater anzuwerben, und die Entwicklungen im Zusammenhang mit dem grenzüberschreitenden Private-Banking-Geschäft der UBS. Viele dieser Faktoren wurden erfolgreich angegangen. Die Unternehmensbereiche Wealth Management und Wealth Management Americas der UBS verzeichneten 2012 beträchtliche Nettozuflüsse. Die langfristigen Veränderungen in dem grenzüberschreitenden Private-Banking-Geschäft der UBS werden den Zu- und Abfluss von Kundengeldern jedoch noch längere Zeit beeinflussen. Einer der wichtigsten Gründe für den längerfristigen Rückgang der grenzüberschreitenden Private-Banking-Geschäfte insbesondere in Europa dürfte der verstärkte Fokus auf die grenzüberschreitenden Investitionen durch die Steuerbehörden sein. Veränderungen der lokalen Steuergesetze und -bestimmungen und deren Durchsetzung beeinträchtigen unter Umständen die Fähigkeit oder Bereitschaft der Kunden der UBS, mit UBS Geschäfte zu tätigen. Ebenso kann die Tragfähigkeit der Strategien und des Geschäftsmodells der UBS beeinflusst werden. Im Jahr 2012 verzeichnete UBS Nettoabflüsse bei ihrem Schweizer Buchungszentrum von Kunden, die in anderen Ländern Europas domiziliert sind, in vielen Fällen im Zusammenhang mit der Aushandlung von Steuerabkommen zwischen der Schweiz und anderen Ländern, einschließlich des Abkommens mit Deutschland, das letztlich von Deutschland nicht ratifiziert wurde.

In den letzten Jahren stammten die Nettozuflüsse bei dem Unternehmensbereich Wealth Management der UBS vorwiegend von Kunden aus dem asiatisch-pazifischen Raum und den Emerging Markets sowie dem High-Net-Worth-Segment weltweit. Mit der Zeit haben die Zuflüsse aus diesen Segmenten und Märkten mit geringerer Marge die Abflüsse aus Segmenten und Märkten mit höherer Marge kompensiert, insbesondere beim grenzüberschreitenden Geschäft europäischer Kunden. Diese Dynamik sowie die veränderten Produktpräferenzen der Kunden, wodurch Produkte mit niedriger Marge einen größeren Teil der Einkünfte der UBS als in der Vergangenheit ausmachen, haben die Return on Invested Assets (Gesamtkapitalrendite) der UBS belastet. UBS hat keine Gewähr, dass die Unternehmensbereiche mit verbesserten Dienstleistungen und Produktangeboten die Auswirkungen des veränderten Businessmix auf die Bruttomarge erfolgreich bewältigen können. UBS nimmt auch Veränderungen bei ihren Angeboten und Pricing-Praktiken im Einklang mit sich abzeichnenden Branchentrends vor. Dabei geht es vorwiegend um Preistransparenz und die jüngsten rechtlichen und regulatorischen Entwicklungen, einschließlich eines Urteils des Bundesgerichts betreffend «Retrozessionen». Es gibt jedoch keine Gewähr, dass UBS die nachteiligen Auswirkungen durch diese Trends und Entwicklungen erfolgreich überwinden kann.

2012 verzeichnete Global Asset Management einen Nettoabfluss bei den Kundenvermögen. Weitere Nettoabflüsse von Kundenvermögen könnten sich mit der Zeit nachteilig auf die Ergebnisse des Unternehmensbereichs auswirken.

Liquiditätsbewirtschaftung und Finanzierung sind für die laufende Performance der UBS von größter Bedeutung

Die Umsetzung des Geschäftsmodells der UBS hängt von der Verfügbarkeit von Finanzierungsquellen ab. Sein Erfolg hängt von der Fähigkeit der UBS ab, UBS Finanzmittel zu Zeiten, in der Höhe, für die Dauer und zu Zinssätzen zu beschaffen, die es UBS ermöglichen, ihre Vermögensbasis unter jeglichen Marktbedingungen effizient aufrechtzuerhalten. UBS deckt einen wesentlichen Teil ihres Liquiditäts- und Finanzierungsbedarfs über kurzfristige unbesicherte Finanzierungsquellen, unter anderem über Groß einlagen und Kundendepositengelder sowie über die regelmäßige Emission von Geldmarktpapieren. Das Volumen der Finanzierungsquellen von UBS ist generell stabil, könnte sich jedoch in Zukunft unter anderem aufgrund allgemeiner Marktstörungen oder Ausweitungen der Kreditspreads ändern, welche auch die Finanzierungskosten beeinflussen würden. Solche Änderungen bei der Verfügbarkeit kurzfristiger Finanzierungen können rasch eintreten.

Die Herabstufung der Kreditratings von UBS kann die Finanzierungskosten, insbesondere jene für unbesicherte Mittel an den Wholesale-Märkten, in die Höhe treiben und die Verfügbarkeit bestimmter Finanzierungsarten beeinträchtigen. Daneben können Ratingherabstufungen die Hinterlegung zusätzlicher Sicherheiten oder die Leistung zusätzlicher Zahlungen im Rahmen von Master Trading Agreements für die Derivatgeschäfte der UBS erforderlich machen. Dies war jüngst der Fall, als Moody's das langfristige Rating der UBS im Juni 2012 nach unten korrigierte. Zusammen mit der Kapitalstärke und Reputation der UBS tragen die Kreditratings der UBS dazu bei, das Vertrauen der Kunden und Gegenparteien der UBS aufrechtzuerhalten. Ratingänderungen könnten zudem die Performance einiger der Geschäfte der UBS beeinflussen.

Die strengeren Kapital- und Liquiditätsanforderungen gemäß Basel III dürften auch zu mehr Wettbewerb um besicherte Finanzierungsquellen und Einlagen als stabile Finanzierungsquelle sowie zu höheren Finanzierungskosten führen.

Operationelle Risiken können das Geschäft der UBS beeinträchtigen

Die Geschäftseinheiten der UBS müssen in der Lage sein, eine große Anzahl komplexer Transaktionen an mehreren und unterschiedlichen Märkten in verschiedenen Währungen und unter Einhaltung der unterschiedlichen gesetzlichen und regulatorischen Bestimmungen, die für UBS gelten, abzuwickeln. Zudem müssen sie verbotene, fiktive oder betrügerische Transaktionen verhindern oder rasch aufdecken und unterbinden können. Die Systeme und Prozesse zur Bewirtschaftung und Überwachung des operationellen Risikos der UBS sollen gewährleisten, dass die mit der Geschäftstätigkeit der UBS verbundenen Risiken angemessen überwacht werden. Dazu zählen Risiken aus Prozessfehlern, unterlassener Ausführung, Betrug, unautorisierten Handelsgeschäften, Systemausfällen, Cyber-Attacken, Verstößen gegen die Informationssicherheit und Versagen des Sicherheits- oder Schutzdispositivs. Cyber-Kriminalität beispielsweise ist eine wachsende Bedrohung für Großunternehmen wie UBS, die zur Ausübung ihrer Geschäftstätigkeit Technologie einsetzen. Cyber-Kriminalität reicht von Attacken auf Firmenwebsites bis hin zu raffinierten Angriffen auf Unternehmen und ihre Kunden mit dem Ziel, unautorisiert in Technologiesysteme einzudringen, um die Geschäftstätigkeit zu beeinträchtigen, sich finanziell zu bereichern oder sensible Daten zu entwenden.

Ein Hauptfokus der US-Regierungspolitik mit Blick auf Finanzinstitute galt in den letzten Jahren der Bekämpfung von Geldwäscherei und Terrorismusfinanzierung. Die auf UBS und ihre Tochtergesellschaften anwendbaren Bestimmungen verpflichten UBS, wirksame Policies, Prozesse und Kontrollen aufrechtzuerhalten, damit Fälle von Geldwäscherei und Terrorismusfinanzierung aufgedeckt, verhindert und gemeldet werden können. Dies beinhaltet auch die Verifizierung der Identität von Kunden. Das Fehlen geeigneter Programme zur Bekämpfung von Geldwäscherei und Terrorismusfinanzierung kann gravierende Konsequenzen nach sich ziehen, sowohl in rechtlicher Hinsicht als auch für die Reputation der UBS.

UBS passt ihre Prozesse laufend an, um die oben beschriebenen Risiken aufzudecken und darauf zu reagieren. Wenn dieses interne Kontrollsystem aber versagt oder UBS nicht in der Lage ist, solche Risiken zu erkennen und zu kontrollieren, kann es zu Betriebsstörungen kommen, die unter Umständen erhebliche Verluste nach sich ziehen, wie der Verlust aufgrund des im September 2011 bekannt gegebenen Vorfalls der unautorisierten Handelsgeschäfte gezeigt hat.

Auch durch Handelsaktivitäten mit hohem Volumen und hoher Frequenz kann UBS operationellen Risiken ausgesetzt sein, selbst wenn es um die Abwicklung von Kundentransaktionen geht. Der Verlust, den UBS im zweiten Quartal 2012 im Zusammenhang mit dem Börsengang von Facebook erlitten hat, zeigt, dass Teilnehmer bei solchen Aktivitäten mit unerwarteten Ergebnissen rechnen müssen. Diese resultieren nicht zwingend aus ihren eigenen Systemen und Prozessen. Vielmehr können sie auch auf Handlungsweisen an Börsen, im Rahmen von Clearing-Systemen und von anderen Drittparteien sowie auf die Performance von Drittsystemen zurückzuführen sein.

Schwächen und Fehler in gewissen Bereichen der Kontrolle operationeller Risiken könnten die Fähigkeit der UBS beeinträchtigen, korrekte Finanzberichte aufzubereiten und zeitgerecht zu veröffentlichen. UBS hat nach dem Vorfall der unautorisierten Handelsgeschäfte, der im September 2011 bekannt gegeben wurde, Kontrollmängel identifiziert. Dabei hat das Management eine wesentliche Schwäche in dem internen Kontrollsystem der UBS für die Finanzberichterstattung per Ende 2010 und 2011 festgestellt, auch wenn dadurch die Verlässlichkeit der ausgewiesenen Zahlen in keinem der beiden Jahre beeinträchtigt war.

Trotz der Notfallpläne der UBS kann ihre Geschäftsfähigkeit durch Störungen der Infrastruktur beeinträchtigt werden, auf die UBS ihr Geschäft zusammen mit den Gemeinschaften, in denen UBS tätig ist, abstützen. Mögliche Auslöser einer Störung sind Naturkatastrophen, Pandemien, öffentliche Unruhen, Krieg oder Terrorismus. Dabei können die Stromversorgung, die Kommunikation, der Transport und weitere Dienste, auf die UBS oder ihre Geschäftspartner angewiesen sind, in Mitleidenschaft gezogen werden.

UBS könnte außerstande sein, Ertrags- oder Wettbewerbschancen zu identifizieren und zu nutzen, oder bei der Gewinnung und Bindung qualifizierter Mitarbeiter scheitern

Die Finanzdienstleistungsbranche ist geprägt von intensivem Wettbewerb, ständiger Innovation, starker – und manchmal fragmentierter – Regulierung sowie anhaltender Konsolidierung. UBS ist in den lokalen Märkten und einzelnen Geschäftssparten dem Wettbewerb ausgesetzt und konkurriert mit globalen Finanzinstituten, die in Bezug auf Größe und Angebot mit UBS vergleichbar sind. Die Eintrittsbarrieren einzelner Märkte und die Preisniveaus werden durch neue Technologien überwunden. UBS rechnet mit einer Fortsetzung dieser Trends und einem zunehmenden Konkurrenzdruck.

Die Wettbewerbsstärke und die Marktposition der UBS könnten schwinden, wenn UBS Markttrends und -entwicklungen nicht erkennen kann, wenn UBS darauf nicht mit der Erarbeitung und Umsetzung angemessener Geschäftsstrategien sowie der Entwicklung oder Aktualisierung der Technologie der UBS – insbesondere im Handelsgeschäft – reagiert oder wenn es UBS nicht gelingt, hierfür qualifizierte Mitarbeiter zu rekrutieren und im Unternehmen zu halten.

Umfang und Struktur der Mitarbeitervergütung der UBS werden nicht nur durch die Geschäftsergebnisse der UBS, sondern auch durch Wettbewerbsfaktoren und regulatorische Erwägungen beeinflusst. Beschränkungen hinsichtlich der Höhe oder Struktur der Mitarbeitervergütung, ein höherer Anteil an aufgeschobenen Zuteilungen, strengere Leistungskriterien und weitere Faktoren, durch die der Anspruch auf aufgeschobene Vergütungen verfällt, können die Fähigkeit der UBS beeinträchtigen, Mitarbeiter für Schlüsselpositionen zu gewinnen und an das Unternehmen zu binden. Dies wiederum könnte sich negativ auf die Geschäftsperformance der UBS auswirken. Für das Leistungsjahr 2012 wurde der Anteil der variablen Vergütung reduziert. Infolgedessen ist die Gesamtvergütung der UBS für bestimmte Mitarbeitergruppen, hauptsächlich in der Investment Bank und im Corporate Center, niedriger als bei Mitbewerbern. Die Änderungen, die UBS bei den Bedingungen für Vergütungszuteilungen vorgenommen hat, verschaffen UBS möglicherweise einen Vorsprung gegenüber der Konkurrenz, wenn es darum geht, die entsprechenden Forderungen der verschiedenen Anspruchsgruppen, darunter diejenigen der Aufsichtsbehörden und der Aktionäre, zu erfüllen. Zu diesen Änderungen gehören: die Einführung des Deferred Contingent Capital Plan, der viele Merkmale des verlustabsorbierenden Kapitals aufweist, das UBS am Markt aufgenommen hat, jedoch mit einem höheren Trigger versehen ist; eine längere durchschnittliche Aufschubdauer für Aktienzuteilungen; und strengere Verfallsbedingungen für bestimmte Zuteilungen, die vom Geschäftserfolg abhängen. Mit diesen Anpassungen will UBS die Interessen ihrer Mitarbeiter besser mit denen ihrer Anspruchsgruppen in Einklang bringen. Allerdings steigt dadurch auch das Risiko, dass wichtige Mitarbeiter zur Konkurrenz abwandern und für qualifizierte Mitarbeiter die Attraktivität von UBS als Arbeitgeberin gegenüber den Mitbewerbern sinkt. Verlassen zahlreiche Mitarbeiter in Schlüsselpositionen die Bank und findet UBS keinen qualifizierten Ersatz, könnte sich dies sehr negativ auf die Umsetzung der Strategie der UBS und die Verbesserung des Geschäfts- und Kontrollumfelds der UBS auswirken.

Die Finanzergebnisse der UBS könnten durch geänderte Rechnungslegungsstandards beeinträchtigt werden

Die Vermögens-, Finanz- und Ertragslage der UBS wird im Einklang mit den International Financial Reporting Standards (IFRS) dargestellt, wie sie vom International Accounting Standards Board (IASB) herausgegeben werden. Veränderungen der IFRS oder der dazugehörigen Interpretationen können dazu führen, dass die künftig ausgewiesenen Ergebnisse und Finanzposition der UBS von den aktuellen Erwartungen abweichen. Zum Beispiel hat UBS 2012 den überarbeiteten Standard IAS 19 – Leistungen an Arbeitnehmer eingeführt, wodurch sowohl die Vermögens-, Finanz- und Ertragslage der UBS als auch das regulatorische Kapital der UBS und Kennzahlen betroffen waren. UBS verfolgt die potenziellen Veränderungen in der Rechnungslegung, prüft die potenziellen Auswirkungen nach deren Finalisierung durch das IASB und legt bedeutende künftige Veränderungen in der Konzernrechnung offen. Zurzeit existiert eine Anzahl beschlossener, aber noch nicht in Kraft getretener, sowie potenzieller IFRS-Veränderungen. UBS nimmt an, dass diese ihre Vermögens-, Finanz- und Ertragslage und ihr regulatorisches Kapital in Zukunft beeinflussen werden.

Die Finanzergebnisse der UBS könnten durch geänderte Annahmen bezüglich des Werts des Goodwills der UBS beeinträchtigt werden

Der Goodwill, den UBS in der Bilanz der einzelnen Geschäftssegmente ausweist, wird mindestens einmal pro Jahr auf Wertminderungen untersucht. Der Wertminderungstest der UBS in Bezug auf das per 31. Dezember 2012 ausgewiesene Vermögen zeigte, dass keine Wertminderung des Goodwills der UBS notwendig ist. Der Wertminderungstest beruht auf Annahmen in Bezug auf die prognostizierten Gewinne, Diskontierungssätze und die langfristigen Wachstumsraten, die sich auf die erzielbaren Erträge in jedem Segment auswirken, und auf die Einschätzung der Buchwerte der Segmente, auf die sich der Goodwill bezieht. Weichen die prognostizierten Gewinne und andere Annahmen in künftigen Perioden von den aktuellen Aussichten ab, könnte eine Wertminderung des Goodwills notwendig werden, was zu einem Verlust führen könnte. Beispielsweise führte im dritten Quartal 2012 in der Investment Bank die Erfassung einer vollständigen Wertminderung des Goodwills und der Wertminderungen auf andere immaterielle Vermögensgegenstände zu einem Aufwand von fast 3,1 Milliarden Franken im ausgewiesenen Vorsteuerergebnis von UBS.

Die Steuerauswirkungen auf das Finanzergebnis der UBS werden erheblich durch Änderungen in den latenten Steueransprüchen der UBS und die endgültige Festsetzung in Steuerprüfungen beeinflusst

Die latenten Steueransprüche in Bezug auf Steuerverluste der Vorjahre, die UBS in ihrer Bilanz per 31. Dezember 2012 berücksichtigt hat, basieren auf der künftigen, in den Businessplänen vorgesehenen Profitabilität. Falls die Gewinne und Annahmen gemäß Businessplan in den künftigen Perioden erheblich von den aktuellen Prognosen abweichen, müssen die ausgewiesenen latenten Steueransprüche allenfalls in der Zukunft erfolgswirksam angepasst werden. Dies könnte Abschreibungen von latenten Steueransprüchen durch die Erfolgsrechnung beinhalten.

Der effektiver Steuersatz der UBS hängt in den nächsten Jahren erheblich von der Finanzperformance der UBS und von der Prognosesicherheit in den neuen Businessplänen ab. Die Ergebnisse früherer Berichtsperioden der UBS haben gezeigt, dass Änderungen bei der Berücksichtigung von latenten Steueransprüchen einen sehr wesentlichen Einfluss auf das gemeldete Ergebnis der UBS haben können. Falls der Konzern insbesondere in den USA, Großbritannien und der Schweiz ein gutes Resultat erzielen würde, könnte erwartet werden, dass UBS in den kommenden Jahren zusätzliche latente Steueransprüche geltend machen wird. Dadurch würde der effektive Steuersatz für den Konzern in den Jahren, in denen zusätzliche Steueransprüche geltend gemacht werden, deutlich sinken. Fällt hingegen das Ergebnis der UBS in den genannten Ländern niedriger als erwartet aus, könnte dies die Abschreibung aller oder eines Teils der derzeit erfassten latenten Steueransprüche durch die Erfolgsrechnung zur Folge haben. Dadurch würde der effektive Steuersatz für den Konzern in Jahren, in denen die Abschreibungen erfolgen, steigen.

In der ersten Hälfte 2013 rechnet UBS mit einem Steuersatz im Bereich von 25% bis 30%. Der erwartete Steuersatz liegt über dem normalerweise erwarteten effektiven Steuersatz von 20% bis 25%. Grund dafür ist, dass das Konzernergebnis 2013 Verluste für einige Rechtseinheiten oder Niederlassungen des Stammhauses enthalten könnte, für welche UBS möglicherweise keinen Steuervorteil erhält. Zudem kann der tatsächliche Steuersatz außerhalb der genannten Bandbreite liegen, falls es in den Büchern zu erheblichen Steuerkorrekturen kommt, die den steuerpflichtigen Gewinn betreffen. Der Steuersatz für das Gesamtjahr kann ferner davon abhängen, in welchem Ausmaß latente Steueransprüche 2013 neu bewertet werden, sowie von der über das Jahr verzeichneten Profitabilität.

Der effektive Steuersatz der UBS reagiert zudem sensibel auf künftige Senkungen der statutarischen Steuersätze, insbesondere in den USA und in der Schweiz. Senkungen des statutarischen Steuersatzes würden dazu führen, dass der erwartete Steuerertrag aus Positionen wie steuerlichen Verlustvorträgen an

den betroffenen Standorten zurückgeht. Dies wiederum hätte eine Abschreibung der entsprechenden latenten Steueransprüche zur Folge.

Zudem können Änderungen statutarischer und regulatorischer Art sowie eine geänderte Auslegung der Steuergesetze durch Gerichte und Steuerbehörden erhebliche Auswirkungen auf die von UBS zu bezahlenden Steuern haben. Der von UBS letztlich zu bezahlende Steuerbetrag kann deshalb stark vom zurückgestellten Betrag abweichen.

2011 führte die britische Regierung eine Bankenabgabe ein, die auf der Bilanz basiert und von Banken entrichtet werden muss, die in Großbritannien operativ tätig und / oder domiziliert sind. Im Geschäftsaufwand wurde dafür im vierten Quartal 2012 für das gesamte Jahr 2012 ein Aufwand von 124 Millionen Franken erfasst (innerhalb des Vorsteuergewinns). Der Konzernaufwand für die Bankenabgabe in den kommenden Jahren wird abhängig sein vom Prozentsatz der Abgabe und den steuerpflichtigen Verpflichtungen des Konzerns in Großbritannien per Jahresende; Veränderungen eines dieser Faktoren könnten zu höheren Kosten führen. Der betreffende Aufwand dürfte steigen, wenn UBS zum Beispiel ihre Buchungspraxis dahingehend ändert, dass die Londoner Niederlassung der UBS AG weniger oder nicht mehr als globales Buchungszentrum für die laufenden Geschäftsaktivitäten der Investment Bank zum Einsatz kommt. Folglich würde UBS mehr Verpflichtungen bei ihren britischen Tochtergesellschaft, UBS Limited, erfassen. UBS geht davon aus, dass die jährliche Bankenabgabe für IFRS-Zwecke weiterhin als Aufwand im letzten Quartal des jeweiligen Geschäftsjahrs behandelt werden wird, ohne entsprechende Rückstellungen während des Jahres, da die Bilanzposition per Jahresende als Referenzgröße für die Belastung der Abgabe gilt.

“

- 5) In relation to the Base Prospectuses as listed introductory on pages 1 to 9, the sections headed:

Overview

- II. **Business Overview**
- III. **Organisational Structure of the Issuer**
- V. **Administrative, Management and Supervisory Bodies of the Issuer**
- VI. **Auditors**
- VII. **Major Shareholders of the Issuer**
- VIII. **Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses**
- IX. **Material Contracts**
- X. **Documents on Display**

in the section "Description of the Issuer" or in relation to the Base Prospectus dated 20 March 2007, the section headed "Description of UBS AG" shall be replaced as follows:

"Overview

UBS AG (UBS AG also "**Issuer**") with its subsidiaries (together with the Issuer, "**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's business strategy is centered on its pre-eminent global wealth management businesses and its leading universal bank in Switzerland. These businesses, together with a client-focused Investment Bank and a strong, well-diversified Global Asset Management business, will enable UBS to expand its premier wealth management franchise and drive further growth across the Group. Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers.

On 31 December 2012 UBS's Basel 2.5 tier 1⁵ capital ratio was 21.3%, invested assets stood at CHF 2,230 billion, equity attributable to UBS shareholders was CHF 45,895 million and market capitalization was CHF 54,729 million. On the same date, UBS employed 62,628 people⁶.

The rating agencies Standard & Poor's ("**Standard & Poor's**"), Fitch Ratings ("**Fitch**") and Moody's ("**Moody's**") have published credit ratings reflecting their assessment of the creditworthiness of UBS AG, i.e. its ability to fulfill in a timely manner payment obligations, such as principal or interest payments on long-term loans, also known as debt servicing. The ratings from Fitch Ratings 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 AG has long-term senior debt ratings of A (stable outlook) from Standard & Poor's, A2 (stable outlook) from Moody's and A (stable outlook) from Fitch Ratings.

The following table gives an overview of the rating classes as used by the three major rating agencies and their respective meaning. UBS's rating is indicated by the red box.

⁵ The Basel 2.5 tier 1 capital ratio is the ratio of eligible Basel 2.5 tier 1 capital to Basel 2.5 risk-weighted assets. Eligible Basel 2.5 tier 1 capital can be calculated by starting with IFRS equity attributable to shareholders, adding treasury shares at cost and equity classified as obligation to purchase own shares, reversing out certain items, and then deducting certain other items. The most significant items reversed out for capital purposes are unrealized gains/losses on cash flow hedges and own credit gains/losses on liabilities designated at fair value. The largest deductions are treasury shares and own shares, goodwill and intangibles and certain securitization exposures.

⁶ Full-time equivalent

Moody's		S&P		Fitch		
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		
Aa3		AA-		AA-		
A1		A+	A-1	A+	F1	Upper medium grade
A2		A		A		
A3	P-2	A-	A-2	A-	F2	
Baa1		BBB+		BBB+		Lower medium grade
Baa2	P-3	BBB	A-3	BBB	F3	
Baa3		BBB-		BBB-		
Ba1	Not prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		
B1		B+		B+		Highly speculative
B2		B		B		
B3		B-		B-		
Caa1		CCC+	C	CCC	C	Substantial risks
Caa2		CCC				Extremely speculative
Caa3		CCC-				In default with little prospect for recovery
Ca		CC				
		C				
C		D	/	DDD	/	In default
/				DD		
/				D		

The rating from Fitch Ratings has been issued by Fitch Ratings Limited, and the rating from Standard & Poor's has been issued by Standard & Poor's Credit Market Services Europe Limited. Both are registered as credit rating agencies under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "CRA Regulation"). The rating from Moody's has been issued by Moody's Investors Service, Inc., which is not established in the EEA and is not certified under the CRA Regulation, but the rating it has issued is endorsed by Moody's Investors Service Ltd., a credit rating agency established in the EEA and registered under the CRA Regulation.

II. Business Overview

Business Divisions and Corporate Center

UBS operates as a group with five business divisions (Wealth Management, Wealth Management Americas, the Investment Bank, Global Asset Management and Retail & Corporate) and a Corporate Center. Each of the business divisions and the Corporate Center are described below. A description of the Group's strategy can be found in the Annual Report 2012, on pages 24-31 (inclusive) of the English version; a description of the businesses, strategies, clients, organizational structures, products and services of the business divisions and the Corporate Center can be found in the Annual Report 2012, on pages 35-51 (inclusive) of the English version.

Wealth Management

Wealth Management provides comprehensive financial services to wealthy private clients around the world - except to those served by Wealth Management Americas. Its clients benefit from the entire spectrum of UBS resources, ranging from investment management to estate planning and corporate finance advice, in addition to specific wealth management products and services. An open product platform provides clients with access to a wide array of products from third-party providers that complement UBS's own product lines.

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 and high net worth individuals and families. It includes the domestic US business, the domestic Canadian business and international business booked in the US.

Investment Bank

The Investment Bank provides a range of products and services in equities, fixed income, foreign exchange and commodities to corporate and institutional clients, sovereign and government bodies, financial intermediaries, alternative asset managers and UBS's wealth management clients. The Investment Bank is an active participant in capital markets flow activities, including sales, trading and market-making across a range of securities. It provides financial solutions to its clients, and offers advisory and analytics services in all major capital markets. Starting with reporting for the first quarter of 2013, it offers investment banking and capital markets, research, equities, foreign exchange, precious metals and tailored fixed income services in rates and credit through its two business units, Corporate Client Solutions and Investor Client Services.

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, currencies, hedge fund, real estate, infrastructure and private equity that can also be combined in multi-asset strategies. The fund services unit provides professional services, including fund set-up, accounting and reporting for traditional investments funds and alternative funds.

Retail & Corporate

Retail & Corporate provides comprehensive financial products and services to retail, corporate and institutional clients in Switzerland and maintains, in its own opinion, a leading position in these client segments. It constitutes a central building block of UBS's universal bank model in Switzerland, delivering growth to UBS's other businesses. It supports them by cross-selling products and services provided by UBS's asset-gathering and investment banking businesses, by referring clients to them and by transferring private clients to Wealth Management due to increased client wealth.

Corporate Center

The Corporate Center provides control functions for the business divisions and the Group in such areas as risk control, legal and compliance as well as finance including treasury services, funding, balance sheet and capital management. The Corporate Center – Core Functions provides all logistics and support functions including information technology, human resources, corporate development, Group regulatory relations and strategic initiatives, communications and branding, corporate real estate and administrative services, procurement, physical and information security, offshoring as well as Group-wide operations. It allocates most of its treasury income, operating expenses and personnel associated with these activities to the businesses based on capital and service consumption levels. The Corporate Center also encompasses certain centrally managed positions, including the SNB StabFund option, the Legacy Portfolio and, starting with reporting for the first quarter of 2013, non-core businesses previously part of the Investment Bank.

Competition

The financial services industry is characterized by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. UBS faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to UBS in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. UBS expects these trends to continue and competition to increase.

Recent Developments:

Results as of and for the year ended 31 December 2012, as presented in UBS's annual report 2012 (including audited consolidated financial statements)

On 14 March 2013, UBS published its annual report 2012. For the full year 2012 UBS recorded a net loss attributable to UBS shareholders of CHF 2,511 million, compared with a profit of CHF 4,138 million in the previous year. Performance before tax was a loss of CHF 1,774 million in 2012 compared with a profit of CHF 5,307 million in the prior year. The 2012 loss was primarily due to impairment losses of CHF 3,064 million on goodwill and other non-financial assets in the Investment Bank and net charges for provisions for litigation, regulatory and similar matters of CHF 2,549 million, including charges for provisions arising from fines and disgorgement resulting from regulatory investigations concerning LIBOR and other benchmark rates, as well as claims related to sales of residential mortgage backed-securities. The full year 2012 result also included an own credit loss on financial liabilities designated at fair value of CHF 2,202 million, compared with an own credit gain of CHF 1,537 million, and net restructuring charges of CHF 371 million, compared with net restructuring charges of CHF 380 million. In 2012, UBS recorded a tax expense of CHF 461 million compared with CHF 901 million in 2011. Net profit attributable to non-controlling interests was CHF 276 million in 2012 compared with CHF 268 million.

2012 results were also impacted by a credit to personnel expenses of CHF 730 million related to changes to UBS's Swiss pension plan and a credit to personnel expenses of CHF 116 million related to changes to UBS's retiree medical and life insurance plan in the US; while 2011 results were also impacted by a gain of CHF 722 million on the sale of UBS's strategic investment portfolio. On an adjusted basis excluding the impairment losses, the own credit loss, the credits to personnel expenses and the net restructuring charges in 2012, and the own credit gain, the gain on the sale of the strategic investment portfolio and the net restructuring charges in 2011, the 2012 pre-tax profit was CHF 3,017 million compared with CHF 3,428 million in 2011, mainly as net charges for provisions for litigation, regulatory and similar matters increased by CHF 2,273 million to CHF 2,549 million, while 2011 included a loss of CHF 1,849 million related to the unauthorized trading incident announced in September of that year.

Wealth Management's pre-tax profit was CHF 2,407 million in 2012 compared with CHF 2,633 million in the previous year, which included a gain of CHF 433 million from the sale of the strategic investment portfolio in the third quarter of 2011. Operating expenses in 2012 included a credit to personnel expenses of CHF 358 million related to changes to UBS's pension plans. Adjusted for these two items and restructuring costs, pre-tax profit decreased by CHF 207 million to CHF 2,075 million, partly reflecting the fact that the previous year benefited from CHF 103 million of accrued interest from the aforementioned strategic investment portfolio. Net new money inflows were CHF 26.3 billion in 2012 compared with CHF 23.5 billion in 2011. The strongest net inflows were recorded in Asia Pacific and emerging markets as well as globally from ultra high net worth clients. Europe reported net outflows in the offshore business, mainly related to clients from countries neighboring Switzerland. This was partly offset by net inflows from the European onshore business. Swiss wealth management reported increased net inflows. Invested assets were CHF 821 billion on 31 December 2012, representing an increase of CHF 71 billion from 31 December 2011. Positive market performance as well as net new money inflows were partially offset by negative currency effects, mainly resulting from a slight strengthening of the Swiss franc against the US dollar and the euro. In 2012, the gross margin on invested assets decreased 12 basis points to 89 basis points.

Wealth Management Americas reported a pre-tax profit of USD 873 million in 2012 compared with USD 622 million in 2011. This improved performance resulted from a 9% increase in revenue due to increases in fees and commissions as well as realized gains on financial investments in the available-for-sale portfolio. Operating expenses increased 5% due to higher financial advisor related compensation and higher charges for provisions for litigation, regulatory and similar matters, partially offset by lower restructuring charges. In addition, 2012 included a pre-tax gain of USD 53 million net of compensation charges related to a change in accounting estimates for certain mutual fund and annuity fee income, compared with USD 32 million related to a change in accounting estimates for certain mutual fund fees in 2011. Wealth Management Americas recorded net new money inflows of CHF 20.6 billion or

USD 22.1 billion in 2012, compared with net new money inflows of CHF 12.1 billion or USD 14.1 billion in 2011 due to stronger inflows from net recruiting of financial advisors as well as financial advisors employed with UBS for more than one year. Wealth Management Americas had USD 843 billion in invested assets on 31 December 2012, up 12% from USD 756 billion on 31 December 2011, reflecting positive market performance and strong net new money inflows. The gross margin on invested assets was 81 basis points in 2012, up one basis point from 80 basis points in 2011.

The Investment Bank recorded a pre-tax loss of CHF 2,734 million in 2012 compared with a pre-tax loss of CHF 631 million in 2011, mainly reflecting impairment losses of CHF 3,064 million on goodwill and other non-financial assets in 2012. 2011 was adversely affected by the loss relating to the unauthorized trading incident of CHF 1,849 million. Excluding impairment losses, restructuring charges of CHF 331 million in 2012 and of CHF 216 million in 2011, a credit of CHF 98 million related to changes to a retiree benefit plan in the US and a credit of CHF 56 million related to changes to UBS's Swiss pension plan, both in 2012, the Investment Bank recorded an adjusted pre-tax profit of CHF 507 million compared with an adjusted pre-tax loss of CHF 415 million. Pro-forma Basel III risk-weighted assets were reduced by CHF 81 billion to CHF 131 billion.

Global Asset Management's pre-tax profit for 2012 was CHF 570 million compared with CHF 430 million in 2011. Performance fees were significantly higher, mainly in alternative and quantitative investments. Net management fees were also higher. Operating expenses were lower due to lower personnel costs, which resulted from lower variable compensation and from credits related to changes to pension and benefit plans. Excluding money market flows, Global Asset Management recorded net new money outflows of CHF 5.9 billion in 2012 compared with net inflows of CHF 9.0 billion in the prior year. Net new money from third parties was a net outflow of CHF 0.6 billion compared with a net inflow of CHF 12.2 billion. Net new money from clients of UBS's wealth management businesses was a net outflow of CHF 5.2 billion compared with a net outflow of CHF 3.1 billion. Invested assets increased to CHF 581 billion on 31 December 2012 from CHF 574 billion on 31 December 2011, mainly due to positive market movements, partly offset by net new money outflows and negative currency effects. The gross margin of 33 basis points in 2012 was in line with 2011.

Retail & Corporate's pre-tax profit decreased by CHF 57 million to CHF 1,827 million from CHF 1,884 million in the prior year. In 2012, personnel expenses benefited from a CHF 287 million credit related to changes to UBS's Swiss pension plan. In 2011, there was a gain of CHF 289 million from the sale of the strategic investment portfolio. Adjusted for these items and restructuring charges of CHF 3 million in 2012 and CHF 32 million in 2011, pre-tax profit decreased by CHF 84 million to CHF 1,543 million, mainly as the previous year benefited from CHF 68 million of accrued interest from the abovementioned strategic investment portfolio sold in the third quarter of 2011. The net interest margin decreased 11 basis points to 160 basis points, reflecting lower interest income and a slightly higher average loan volume. The growth rate for net new business volume was 4.9% compared with 3.5% in the prior year. Both the retail and corporate businesses recorded strong net inflows reflecting high net new client assets. Net new loan inflows were also slightly positive in line with the strategy to grow the business selectively in high quality loans.

The Corporate Center – Core Functions' pre-tax result was a loss of CHF 4,068 million in 2012 compared with a gain of CHF 1,312 million in 2011. 2012 included charges for provisions for litigation, regulatory and similar matters of CHF 1,470 million, mainly arising from fines and disgorgement resulting from regulatory investigations concerning LIBOR and other benchmark rates, and an own credit loss of CHF 2,202 million compared with a gain of CHF 1,537 million in 2011. Treasury income remaining in Corporate Center – Core Functions after allocations to the business divisions was CHF 204 million compared with CHF 38 million in 2011.

The Corporate Center - Legacy Portfolio reported a pre-tax loss of CHF 592 million in 2012 compared with a loss of CHF 866 million in the previous year. This was primarily due to a gain from the revaluation of the option to acquire the SNB StabFund's equity, partly offset by a credit loss expense and higher charges for provisions for litigation, regulatory and similar matters in 2012.

Balance sheet - As of 31 December 2012, UBS's balance sheet stood at CHF 1,259 billion, a decrease of CHF 158 billion or 11% from 31 December 2011, primarily due to a decline in collateral trading of CHF 104 billion and a reduction in positive replacement values of CHF 69 billion, predominantly relating to the accelerated implementation of UBS's strategy announced in October 2012.

Basel 2.5 capital position

On 31 December 2012, UBS's Basel 2.5 tier 1 capital ratio was 21.3% compared with 15.9% a year earlier. The core tier 1 capital ratio increased to 19.0% from 14.1% over the same period. The tier 1 capital rose by CHF 2.6 billion to CHF 41.0 billion and RWA decreased by CHF 48.5 billion to CHF 192.5 billion. The total capital ratio increased to 25.2% from 17.2%.

On 31 December 2012, UBS's Basel 2.5 RWA were CHF 192.5 billion compared with CHF 241.0 billion at the end of 2011, a decrease of CHF 48.5 billion, predominantly due to a decline in market risk RWA of CHF 22.1 billion, in credit risk RWA of CHF 21.0 billion and in operational risk RWA of CHF 5.6 billion. The decline in credit risk RWA of CHF 21.0 billion occurred predominately in the fourth quarter of 2012 and was mainly attributable to the accelerated implementation of the strategy, hedging activity and sales of certain student loan auction rate securities in the Corporate Center – Legacy Portfolio. These activities impacted derivative, repo-style and drawn and undrawn loan exposures, partly offset by increased residential mortgage exposures due to the recalibration of risk parameters on residential mortgages in the third quarter. Market risk RWA decreased by CHF 22.1 billion, mainly due to the reduction in incremental risk charge RWA on reduced exposures, a model update for sovereign debt in the first quarter, and hedging activity. VaR and stressed VaR declined due to reduced risk positions and reduced credit spread risk. Operational risk RWA decreased by CHF 5.6 billion. The decrease reflected the implementation, following UBS's annual model parameter review in March 2012, of all advanced measurement approach parameter updates that had been approved by FINMA up to that time.

Basel III capital position

On 31 December 2012, UBS's Basel III⁷ common equity tier 1 ("**CET1**") capital on a fully applied basis was CHF 25.2 billion, remaining relatively stable compared with the CHF 25.3 billion on 31 December 2011. The 2012 net loss, the impact of adopting the revised International Accounting Standard IAS 19 Employee Benefit ("IAS 19R") and other negative effects including the deduction of the fair value of the option to purchase the SNB StabFund's equity which was previously risk-weighted at 1250%, were almost offset by the reversal of own credit losses for the purpose of capital calculation and a lower deduction for deferred tax assets. Pro-forma Basel III RWA were estimated to be CHF 258 billion on a fully applied basis on 31 December 2012, CHF 122 billion lower than a year earlier. CHF 48 billion of the decline in Basel III RWA was due to the same factors that caused a decrease in Basel 2.5 RWA, and CHF 20 billion was associated with a change in the treatment of UBS's option to purchase the SNB StabFund's equity (now fully deducted from CET1 capital). The remainder of the decline was mostly attributable to RWA reductions in the Investment Bank and the Legacy Portfolio, resulting from sales and other reductions of exposures and from the net effect of changes in models and methodologies. The vast majority of the overall reductions achieved in the Investment Bank and in the Legacy Portfolio resulted from sales and other reductions of exposures. The resulting Basel III CET1 capital ratio stood at 9.8% on 31 December 2012 on a fully applied basis, an increase of 3.1 percentage points from 6.7% on 31 December 2011. On a phase-in basis, UBS's estimated Basel III CET1 capital ratio was 15.3% on 31 December 2012 compared with 10.7% on 31 December 2011. The regulatory capital effect of the adoption of IAS 19R, together with related changes in future periods, will be phased in annually from 1 January 2014 on an after-tax basis, such that regulatory capital becomes fully adjusted on 1 January 2018.

For 2012, UBS introduced a new compensation plan, the Deferred Contingent Capital Plan ("**DCCP**"). The DCCP strengthens UBS's capital position, as UBS's regulator (FINMA) recognizes DCCP awards as high-trigger loss-absorbing capital. Over the next five years, UBS could build up to 100 basis points of high-trigger loss-absorbing capital from this program, which would act as an additional buffer against declines in capital.

⁷ The calculation of UBS's pro-forma Basel III RWA combines existing Basel 2.5 RWA, a revised treatment for low-rated securitization exposures that are no longer deducted from capital but are risk-weighted at 1250%, and new model-based capital charges. Some of these new models require final regulatory approval and therefore UBS's pro-forma calculations include estimates (discussed with UBS's primary regulator) of the effect of these new capital charges which will be refined as models and the associated systems are enhanced.

Dividends

For 2012, the BoD is recommending a 50% increase in the dividend for shareholders to CHF 0.15 per share.

UBS's actions to manage its liabilities

Following the announcement in October 2012 of the accelerated implementation of its strategy, UBS has reduced balance sheet and funding needs and has, therefore, generated capacity within its liquidity and funding position to be able to repurchase debt selectively, as illustrated by UBS's announcement on 5 February 2013 of cash tender offers for various issues of outstanding notes.

UBS's actions to prudently manage the composition of its liabilities will lower interest expense in the future. These actions could lead to a tightening of UBS's credit spreads, and as a result, UBS could see significant own credit charges in the first quarter.

Changes to the UBS Board of Directors

On 12 March 2013, UBS announced that the UBS Board of Directors will nominate Reto Francioni for election to the Board at the Annual General Meeting of Shareholders on 2 May 2013. Wolfgang Mayrhuber has announced his decision not to stand for re-election to the Board of Directors at the firm's Annual General Meeting of Shareholders.

III. Organisational Structure of the Issuer

UBS AG is the parent company of the UBS Group. The objective of the UBS's group structure is to support the business activities of the parent 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.

In cases where it is impossible or inefficient to operate via the parent bank, 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 as of 31 December 2012 are listed in its annual report as of 31 December 2012 published on 14 March 2013 (the "**Annual Report 2012**"), on pages 441-442 (inclusive) of the English version.

V. Administrative, Management and Supervisory Bodies of the Issuer

UBS AG is subject to, and acts in compliance with, all relevant Swiss legal and regulatory requirements regarding corporate governance. In addition, as a foreign company with shares listed on the New York Stock Exchange ("**NYSE**"), UBS AG is in compliance with all relevant corporate governance standards applicable 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**") under the leadership of the Group Chief Executive Officer ("**Group CEO**"). The BoD decides on the strategy of the Group upon the recommendation of the Group CEO, and supervises and monitors the business, whereas the GEB, headed by the Group CEO, has executive management responsibility. The functions of Chairman of the BoD and Group CEO are assigned to two different people, ensuring a separation of power. The supervision and control of the GEB 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.

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 of Shareholders ("**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, applying the strictest standard. The Chairman is not required 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 Group’s strategic aims and the necessary financial and human resources upon recommendation of the 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.

Members of the Board of Directors

Members and business addresses	Title	Term of office	Current positions outside UBS AG
Axel A. Weber UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Chairman	2013	Member of the Group of Thirty, Washington, D.C.; research fellow at the Center for Economic Policy Research, London, and the Center for Financial Research, Cologne; member of the board of the International Institute of Finance and senior research fellow at the Center for Financial Studies, Frankfurt/Main; member of the Monetary Economics and International Economics Councils of the <i>Verein für Socialpolitik</i> ; member of the Advisory Board of the German Market Economy Foundation; member of the Advisory Council of the Goethe University, Frankfurt/Main.
Michel Demaré UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Independent Vice Chairman	2013	Member of the board of Syngenta, of the IMD Foundation, Lausanne, and of SwissHoldings, Berne.
David Sidwell UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Senior Independent Director	2013	Director and Chairperson of the Risk Policy and Capital Committee of Fannie Mae, Washington D.C.; Senior Advisor at Oliver Wyman, New York; 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	Member	2013	Founder of Horizon21 AG; Chairman of Horizon21 AG, its holding company and related entities and subsidiaries; member of the board of DKSH Group, Zurich, and of the Frey Charitable Foundation, Freienbach.
Ann F. Godbehere UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Member	2013	Board member and Chairperson of the Audit Committee of Prudential plc, Rio Tinto plc, Rio Tinto Limited, Atrium Underwriters Ltd., and Atrium Underwriting Group Ltd., London. Member of the board of Arden Holdings Ltd., Bermuda, and British American Tobacco plc.
Axel P. Lehmann Zurich Insurance Group, Mythenquai 2, CH-8002, Zurich	Member	2013	Member of the Group Executive Committee, Group Chief Risk Officer and Regional Chairman Europe of Zurich Insurance Group; Chairman of the board of Farmers Group, Inc.; Chairman of the board of the Institute of Insurance Economics at the University of St. Gallen; member of the Chief Risk Officer Forum; member of the board of Economiesuisse.
Wolfgang Mayrhuber Deutsche Lufthansa AG, Aviation Center, D-60546, Frankfurt am Main	Member	2013	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 HEICO Corporation, Hollywood, FL; member of the executive board of Acatech (<i>Deutsche Akademie der Technikwissenschaften</i>).
Helmut Panke BMW AG, Petuelring	Member	2013	Member of the board and Chairperson of the Regulatory and Public Policy Committee of Microsoft Corporation; member of the board and Chairperson of the Safety & Risk Committee of Singapore Airlines Ltd.; member of the

130, D-80788, Munich			Supervisory Board of Bayer AG.
William G. Parrett UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Member	2013	Member of the board and Chairperson of the Audit Committee of the Eastman Kodak Company, the Blackstone Group LP and Thermo Fisher Scientific Inc.; Past Chairman of the board of the United States Council for International Business and of United Way Worldwide; member of the Carnegie Hall Board of Trustees.
Isabelle Romy Froriep Renggli, Bellerivestrasse 201, CH- 8034 Zurich	Member	2013	Partner at Froriep Renggli, Zurich; associate professor at the University of Fribourg and at the Federal Institute of Technology, Lausanne; member and Vice Chairman of the Sanction Commission of the SIX Swiss Exchange.
Beatrice Weder di Mauro Johannes Gutenberg- University Mainz, Jakob Welder-Weg 4, D-55099 Mainz	Member	2013	Professor at the Johannes Gutenberg University, Mainz; research fellow at the Centre for Economic Policy Research, London; member of the board of Roche Holding Ltd., Basel; member of the Supervisory Board of ThyssenKrupp AG, Essen, and of the <i>Deutsche Investitions- und Entwicklungsgesellschaft</i> , Cologne.
Joseph Yam UBS AG, Bahnhofstrasse 45, CH-8098, Zurich	Member	2013	Executive Vice President of the China Society for Finance and Banking; 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 and of UnionPay International Co., Ltd.

On 12 March 2013, UBS announced that the UBS Board of Directors will nominate Reto Francioni for election to the Board at the Annual General Meeting of Shareholders on 2 May 2013. Wolfgang Mayrhuber has announced his decision not to stand for re-election to the Board of Directors at the firm's Annual General Meeting of Shareholders.

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. The BoD has also established a Special Committee in connection with the unauthorized trading incident announced in September 2011, as well as, in 2012, an ad-hoc committee on strategy to discuss details of the acceleration of UBS's strategy with the senior management.

Audit Committee

The Audit Committee ("**AC**") comprises five 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 the external auditors who in turn are responsible for auditing UBS AG's and the Group's annual financial statements and for reviewing the quarterly financial statements.

The function of the AC 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 Group's compliance with financial reporting requirements, (iv) senior 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 reviews the annual and quarterly financial statements of UBS AG and the Group as proposed by management, with the external auditors and Group Internal Audit in order to recommend their approval, (including any adjustments the AC considers appropriate), to the BoD.

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 dismissal of the external auditors and the rotation of the lead audit partner. The BoD then submits these proposals for approval to the AGM.

The members of the AC are William G. Parrett (Chairperson), Michel Demaré, Ann F. Godbehere, Isabelle Romy and Beatrice Weder di Mauro.

Group Executive Board

Under the leadership of the Group Chief Executive Officer (“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 made by the BoD.

The business address of the members of the GEB is UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland.

Members of the Group Executive Board

Sergio P. Ermotti	Group Chief Executive Officer
Markus U. Diethelm	Group General Counsel
John A. Fraser	Chairman and Chief Executive Officer Global Asset Management
Lukas Gähwiler	Chief Executive Officer UBS Switzerland, Chief Executive Officer Retail & Corporate
Ulrich Körner	Group Chief Operating Officer, Chief Executive Officer UBS Group EMEA
Philip J. Lofts	Group Chief Risk Officer
Robert J. McCann	Chief Executive Officer Wealth Management Americas, Chief Executive Officer UBS Group Americas
Tom Naratil	Group Chief Financial Officer
Andrea Orcel	Chief Executive Officer Investment Bank
Chi-Won Yoon	Chief Executive Officer UBS Group Asia Pacific
Jürg Zeltner	Chief Executive Officer UBS Wealth Management

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

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) please see above under “Members of the Board of Directors”) 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.

VI. Auditors

Based on section 31 of the Articles of Association, UBS AG shareholders elect the auditors for a term of office of one year. At the AGM of 14 April 2010, 28 April 2011 and 3 May 2012, Ernst & Young Ltd., Aeschengraben 9, CH-4002 Basel, (“**Ernst & Young**”) were elected as auditors for the financial statements of UBS AG and the consolidated financial statements of the UBS Group for a one-year term, respectively.

Ernst & Young is a member of the Swiss Institute of Certified Accountants and Tax Consultants based in Zurich, Switzerland.

VII. Major Shareholders of the Issuer

Under the Federal Act on Stock Exchanges and Securities Trading of 24 March 1995, as amended (the "**Swiss Stock Exchange Act**"), anyone holding shares in a company listed in Switzerland, or derivative rights related to shares of such a company, must 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:

- 30 September 2011: Norges Bank (the Central Bank of Norway), 3.04%;
- 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 AG's request beneficial owners holding 0.3% or more of all UBS AG 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 31 December 2012, the following shareholders (acting in their own name or in their capacity as nominees for other investors or beneficial owners) were registered in the share register with 3% or more of the total share capital of UBS AG: Chase Nominees Ltd., London (11.94%); Government of Singapore Investment Corp., Singapore (6.40%); the US securities clearing organization DTC (Cede & Co.) New York, "The Depository Trust Company" (5.28%); and Nortrust Nominees Ltd., London (3.84%).

UBS holds UBS AG shares primarily to hedge employee share and option participation plans. A smaller number is held by the Investment Bank for hedging related derivatives and for market-making in UBS AG shares. As of 31 December 2012, UBS held a stake of UBS AG's shares, which corresponded to less than 3.00% of UBS AG's total share capital. As of 31 December 2012, UBS had disposal positions relating to 422,236,769 voting rights, corresponding to 11.02% of the total voting rights of UBS AG. 8.20% of this consisted of voting rights on shares deliverable in respect of employee awards. The year-end disposal positions also 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 securities 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, not registered and carrying voting rights as of 31 December 2012 can be found in the Annual Report 2012, on pages 225-227 (inclusive) of the English version.

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

A description of UBS AG's and UBS Group's assets and liabilities, financial position and profits and losses for financial year 2011 is available in the Financial information section of the annual report of UBS AG as of 31 December 2011 ("**Annual Report 2011**"), and for financial year 2012 is available in the Financial information section of the Annual Report 2012. The Issuer's financial year is the calendar year.

With respect to the financial year 2011, reference is made to the following parts of the Annual Report 2011 (within the Financial information section, English version):

- (i) the Consolidated Financial Statements of UBS Group, in particular to the Income Statement on page 289, the Balance Sheet on page 291, the Statement of Cash Flows on pages 295-296 (inclusive) and the Notes to the Consolidated Financial Statements on pages 297-410 (inclusive); and

- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 414, the Balance Sheet on page 415, the Statement of Appropriation of Retained Earnings on page 416, the Notes to the Parent Bank Financial Statements on pages 417-434 (inclusive) and the Parent Bank Review on pages 411-413 (inclusive); and
- (iii) the section entitled "Introduction and accounting principles" on page 282.

With respect to the financial year 2012, reference is made to the following parts of the Annual Report 2012 (within the Financial information section, English version):

- (i) the Consolidated Financial Statements of UBS Group, in particular to the Income Statement on page 323, the Balance Sheet on page 325, the Statement of Cash Flows on pages 329-330 (inclusive) and the Notes to the Consolidated Financial Statements on pages 331-455 (inclusive); and
- (ii) the Financial Statements of UBS AG (Parent Bank), in particular to the Income Statement on page 460, the Balance Sheet on page 461, the Statement of Appropriation of Retained Earnings on page 462, the Notes to the Parent Bank Financial Statements on pages 463-482 (inclusive) and the Parent Bank Review on pages 457-459 (inclusive); and
- (iii) the section entitled "Introduction and accounting principles" on page 316.

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, as issued by the International Accounting Standards Board, and the audited financial statements of UBS AG (Parent Bank), prepared in order to meet Swiss regulatory requirements and in compliance with Swiss Federal Banking Law. The Financial information section of the annual reports also includes certain additional disclosures required under US Securities and Exchange Commission regulations. The annual reports also include discussions and analysis of the financial and business results of UBS, its business divisions and the Corporate Center.

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 2011 and 2012 were audited by Ernst & Young. The reports of the auditors on the consolidated financial statements can be found on pages 287-288 (inclusive) of the Annual Report 2011 (Financial information section, English version) and on pages 321-322 (inclusive) of the Annual Report 2012 (Financial information section, English version). The reports of the auditors on the financial statements of UBS AG (Parent Bank) can be found on pages 435-436 (inclusive) of the Annual Report 2011 (Financial information section, English version) and on pages 483-484 (inclusive) of the Annual Report 2012 (Financial information section, English version).

UBS's Annual Report 2011 and Annual Report 2012 are fully incorporated in, and form an integral part of, this document.

Litigation, Regulatory and Similar Matters

The Group operates in a legal and regulatory environment that exposes it to significant litigation and similar risks arising from disputes and regulatory proceedings. As a result, UBS is involved in various disputes and legal proceedings, including litigation, arbitration, and regulatory and criminal investigations.

Such matters are subject to many uncertainties and the outcome is often difficult to predict, particularly in the earlier stages of a case. There are also situations where the Group may enter into a settlement agreement. This may occur in order to avoid the expense, management distraction or reputational implications of continuing to contest liability, even for those matters for which the Group believes it should be exonerated. The uncertainties inherent in all such matters affect the amount and timing of any potential outflows for both matters with respect to which provisions have been established and other contingent liabilities. The Group makes provisions for such matters brought against it when, in the opinion of management after seeking legal advice, it is more likely than not that the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required, and the amount can be reliably estimated. If any of those conditions is not met, such matters result in contingent liabilities.

Specific litigation, regulatory and other matters are described below, including all such matters that management considers to be material and others that management believes to be of significance due to potential financial, reputational and other effects. The amount of damages claimed, the size of a transaction or other information is provided where available and appropriate in order to assist users in considering the magnitude of potential exposures.

In the case of certain matters below, UBS states that it has established a provision, and for the other matters it makes no such statement. When UBS makes this statement and it expects disclosure of the amount of a provision to prejudice seriously its position with other parties in the matter, because it would reveal what UBS believes to be the probable and reliably estimable outflow, UBS does not disclose that amount. In some cases UBS is subject to confidentiality obligations that preclude such disclosure. With respect to the matters for which UBS does not state whether it has established a provision, either (a) it has not established a provision, in which case the matter is treated as a contingent liability under the applicable accounting standard, or (b) it has established a provision but expects disclosure of that fact to prejudice seriously its position with other parties in the matter because it would reveal the fact that UBS believes an outflow of resources to be probable and reliably estimable.

The aggregate amount provisioned for litigation, regulatory and similar matters as a class is disclosed in Note 23a) to the audited consolidated financial statements of UBS's Annual Report 2012. It is not practicable to provide an aggregate estimate of liability for UBS's litigation, regulatory and similar matters as a class of contingent liabilities. Doing so would require UBS to provide speculative legal assessments as to claims and proceedings that 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.

Provisions for litigation, regulatory and similar matters by segment

<i>CHF million</i>	Wealth Management	Wealth Management Americas	Investment Bank	Global Asset Management	Retail & Corporate	Corporate Center – Core Functions	Corporate Center – Legacy Portfolio	Total 31.12.12	Total 31.12.11
Balance at the beginning of the year	96	206	132	4	17	2	26	482	618
Increase in provisions recognized in the income statement	90	133	304	6	19	1,518	616	2,686	396
Release of provisions recognized in the income statement	(15)	(28)	(32)	(1)	(1)	(3)	0	(81)	(87)
Provisions used in conformity with designated purpose	(40)	(135)	(266)	(1)	(6)	(1,222)	(15)	(1,685)	(455)
Reclassifications	0	0	(95)	0	0	44	95	43	0
Foreign currency translation / unwind of discount	0	(6)	(2)	0	0	(2)	(3)	(13)	10
Balance at the end of the year	130	170	40	7	29	338	720	1,432	482

1. Municipal bonds

In 2011, UBS announced a USD 140.3 million settlement with the US Securities and Exchange Commission ("**SEC**"), the Antitrust Division of the US Department of Justice ("**DOJ**"), the Internal Revenue Service ("**IRS**") and a group of state attorneys general relating to the investment of proceeds of municipal bond issuances and associated derivative transactions. The settlement resolves the investigations by those regulators which had commenced in November 2006. Several related putative class actions, which were filed in Federal District Courts against UBS and numerous other firms, remain pending. Approximately USD 63 million of the regulatory settlement was made available to potential claimants through a settlement

fund, the majority of which has been claimed, thereby reducing the total monetary amount at issue in the class actions for UBS.

2. Auction rate securities

In 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 Auction Rate Securities ("**ARS**") from eligible customers, and to pay penalties of USD 150 million. UBS has since finalized settlements with all of the states. The settlements resolved investigations following the industry-wide disruption in the markets for ARS and related auction failures beginning in early 2008. The SEC continues to investigate individuals affiliated with UBS regarding the trading in ARS and disclosures. UBS was also named in (i) several putative class actions, which were thereafter dismissed by the court and/or settled; (ii) arbitration and litigation claims asserted by investors relating to ARS; and (iii) arbitration and litigation claims asserted by ARS issuers, including a pending litigation under state common law and a state racketeering statute seeking at least USD 40 million in compensatory damages, plus exemplary and treble damages, and several pending arbitration claims filed in 2012 and 2013 alleging violations of state and federal securities law that seek compensatory and punitive damages, among other relief. In November 2012, UBS settled a consequential damages claim brought by a former customer for USD 45 million.

3. Inquiries regarding 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. In France, a criminal investigation into allegations of illicit cross-border activity has been initiated with the appointment of a "Juge d'instruction". UBS has also received inquiries from German authorities concerning certain matters relating to its cross-border business. UBS is cooperating with these inquiries, requests and investigations within the limits of financial privacy obligations under Swiss and other applicable laws.

4. Matters related to the financial 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 financial crisis of 2007 to 2009 and in particular mortgage-related securities and other structured transactions and derivatives. In February 2013, the SEC advised UBS that it is terminating its investigation of UBS's valuation of super senior tranches of collateralized debt obligations ("**CDO**") during the third quarter of 2007 without recommending any enforcement action. UBS is in discussions with the SEC concerning UBS's structuring and underwriting of one CDO in 2007. UBS has also communicated with and has responded to other inquiries by various governmental and regulatory authorities concerning various matters related to the financial 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.

UBS is a defendant in several lawsuits filed by institutional purchasers of CDOs structured by UBS in which plaintiffs allege, under various legal theories, that UBS misrepresented the quality of the collateral underlying the CDOs. Plaintiffs in these suits collectively seek to recover several hundred million dollars in claimed losses, including one case in which plaintiffs claim losses of at least USD 331 million.

UBS's balance sheet at 31 December 2012 reflected a provision with respect to matters described in this item 4 in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

5. Lehman principal protection notes

From March 2007 through September 2008, UBS Financial Services Inc. ("**UBSFS**") 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. Based on its role as an underwriter of Lehman structured notes, UBSFS has been named as a defendant in a putative class action asserting violations of disclosure provisions of the federal securities laws. In January 2013, plaintiffs' motion to certify the case as a class action, which UBS opposed, was granted with respect to certain claims. UBS is filing for an appeal of that decision with the Second Circuit. Firms that underwrote other non-structured Lehman securities have been named as defendants in the same purported class action, and those underwriters have entered into settlements. In 2011, UBSFS entered into a settlement with the Financial Industry Regulatory Authority ("**FINRA**") related to the sale of these notes, pursuant to which UBSFS agreed to pay a USD 2.5 million fine and up to USD 8.25 million in restitution and interest to a limited number of investors in the US. UBSFS has also been named in numerous individual civil suits and customer arbitrations, which proceedings are at various stages. The individual customer claims, some of which have resulted in awards payable by UBSFS, relate primarily to whether UBSFS adequately disclosed the risks of these notes to its customers.

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

From 2002 through 2007, prior to the crisis in the US residential loan market, UBS was a substantial issuer and underwriter of US residential mortgage-backed securities ("**RMBS**") and was 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.

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.

Securities Lawsuits Concerning Disclosures in RMBS Offering Documents: 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 44 billion in original face amount of RMBS underwritten or issued by UBS. Some of the lawsuits are in their early stages, and 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 11 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 ("**UBS-sponsored RMBS**"). The remaining USD 33 billion of RMBS to which these cases relate was issued by third parties in securitizations in which UBS acted as underwriter ("**third-party RMBS**"). In connection with certain of these lawsuits, UBS has indemnification rights against surviving third-party issuers or originators for losses or liabilities incurred by UBS, but UBS cannot predict the extent to which it will succeed in enforcing those rights.

These lawsuits include actions brought by the Federal Housing Finance Agency ("**FHFA**"), as conservator for the Federal National Mortgage Association ("**Fannie Mae**") and the Federal Home Loan Mortgage Corporation ("**Freddie Mac**" and collectively with Fannie Mae, the "**GSEs**"), in connection with the GSEs' investments in USD 4.5 billion in original face amount of UBS-sponsored RMBS and USD 1.8 billion in original face amount of third-party RMBS. These suits assert claims for damages and rescission under federal and state securities laws and state common law and allege losses of at least USD 1.2 billion plus interest. The court denied UBS's motion to dismiss in May 2012, but UBS is awaiting a decision from the US Court of Appeals for the Second Circuit on an appeal with respect to two legal issues that were the subject of UBS's motion to dismiss. The FHFA also filed suits in 2011 against UBS and other financial institutions relating to their role as underwriters of third-party RMBS purchased by the GSEs asserting claims under various legal theories, including violations of the federal and state securities laws and state common law.

In July 2012 a federal court in New Jersey dismissed with prejudice on statute of limitations grounds a putative class action lawsuit that asserted violations of the federal securities laws against various UBS entities, among others, in connection with USD 2.6 billion in original face amount of UBS-sponsored RMBS. The named plaintiff's appeal of the dismissal is pending.

Loan repurchase demands related to sales of mortgages and RMBS: When UBS acted as an RMBS sponsor or mortgage seller, it 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 received demands to repurchase US residential mortgage loans as to which UBS made certain representations at the time the loans were transferred to the securitization trust. UBS has been notified by certain institutional purchasers and insurers of mortgage loans and RMBS, including Freddie Mac, of their contention that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. The table below summarizes repurchase demands received by UBS and UBS's repurchase activity from 2006 through 5 March 2013. In the table, repurchase demands characterized as Demands resolved in litigation and Demands rescinded by counterparty are considered to be finally resolved. Repurchase demands in all other categories are not finally resolved.

Loan repurchase demands by year received – original principal balance of loans ¹

<i>USD million</i>	2006-2008	2009	2010	2011	2012	through 5 March 2013	Total
Actual or agreed loan repurchases / make whole payments by UBS	11.7	1.4	0.1				13.2
Demands resolved or expected to be resolved through enforcement of UBS's indemnification rights against third-party originators		77.4	1.8	45.0	141.7		265.9
Demands resolved in litigation	0.6	20.7					21.3
Demands in litigation			345.6	731.7	1,041.1		2,118.5
Demands rebutted by UBS but not yet rescinded by counterparty		3.2	1.8	290.0	243.8		538.7
Demands rescinded by counterparty	110.2	100.4	18.8	8.3			237.7
Demands in review by UBS		2.1	0.1	9.1	11.7	1.8	24.8
Total	122.5	205.1	368.2	1,084.1	1,438.3	1.8	3,220.1

¹ Loans submitted by multiple counterparties are counted only once.

Assured Guaranty Municipal Corp. ("**Assured Guaranty**"), a financial guaranty insurance company, made additional loan repurchase demands totaling approximately USD 182 million in original principal balance in November and December 2012, and it is not clear when or to what extent additional demands may be made by Assured Guaranty, Freddie Mac or others.

Payments that UBS has made or agreed to make to date to resolve repurchase demands equate to approximately 62% of the original principal balance of the related loans. Most of the payments that UBS has made or agreed to make to date have related to so-called "Option ARM" loans; severity rates may vary for other types of loans or for Option ARMs with different characteristics. 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 losses upon repurchase for reasons including timing and market uncertainties.

In most instances in which UBS would be required to repurchase loans due to misrepresentations, UBS 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 surviving third-party originators. In connection with approximately 60% of the loans (by original principal balance) for which UBS has made payment or agreed to make payment in response to demands received in 2010, UBS has asserted indemnity or repurchase demands against originators. Since 2011, UBS has advised certain surviving originators of repurchase demands made against UBS for which UBS would be entitled to indemnity, and has asserted that such demands should be resolved directly by the originator and the party making the demand. UBS cannot reliably estimate the level of future repurchase demands, and does not know whether its rebuttals of such demands will be a good predictor of future rates of rebuttal. UBS also cannot reliably estimate the timing of any such demands.

Lawsuits related to contractual representations and warranties concerning mortgages and RMBS: In February 2012, Assured Guaranty filed suit against UBS RESI in New York State Court asserting claims for breach of contract and declaratory relief based on UBS RESI's alleged failure to repurchase allegedly defective mortgage loans with an original principal balance of at least USD 997 million that serve as collateral for UBS-sponsored RMBS insured in part by Assured Guaranty. Assured Guaranty also claims that

UBS RESI breached representations and warranties concerning the mortgage loans and breached certain obligations under commitment letters. Assured Guaranty seeks unspecified damages that include payments on current and future claims made under Assured Guaranty insurance policies totaling approximately USD 308 million at the time of the filing of the complaint, as well as compensatory and consequential losses, fees, expenses and pre-judgment interest. The case was removed to federal court, and in August 2012, the Court granted UBS RESI's motion to dismiss Assured Guaranty's claims for breach of UBS RESI's contractual repurchase obligations, holding that only the trustee for the securitization trust has the contractual right to enforce those obligations. The Court also granted UBS RESI's motion to dismiss Assured Guaranty's claims for declaratory relief. The Court denied UBS RESI's motion to dismiss Assured Guaranty's claims for breach of representation and warranty and breach of the commitment letters. The case is now in discovery.

In October 2012, following the Court's holding that only the trustee may assert claims seeking to enforce UBS RESI's repurchase obligations, the RMBS trusts at issue in the Assured Guaranty litigation filed a related action in the Southern District of New York seeking to enforce UBS RESI's obligation to repurchase loans with an original principal balance of approximately USD 2 billion for which Assured Guaranty had previously demanded repurchase. UBS's motion to dismiss the suit filed by the trusts is pending. With respect to the portion of the loans subject to the suits filed by Assured Guaranty and the trusts that were originated by institutions still in existence, UBS is enforcing its indemnity rights against those institutions. At this time, UBS does not expect that it will be required to make payment for the majority of loan repurchase demands at issue in the suit brought by the RMBS trusts for at least the following reasons: (1) UBS reviewed the origination file and/or servicing records for the loan and concluded that the allegations of breach of representations and warranties are unfounded, or (2) a surviving originator is contractually liable for any breaches of representations and warranties with respect to loans that it originated. UBS has indemnification rights in connection with approximately half of the USD 2 billion in original principal balance of loans at issue in this suit (reflected in the "In litigation" category in the accompanying table). Additionally, in its motion to dismiss the suit filed by the trusts, UBS has asserted that, under governing transaction documents, UBS is not required to repurchase liquidated loans that were the subject of repurchase demands now at issue in this suit.

In April 2012, Freddie Mac filed a notice and summons in New York Supreme Court initiating suit against UBS RESI for breach of contract and declaratory relief arising from alleged breaches of representations and warranties in connection with certain mortgage loans and UBS RESI's alleged failure to repurchase such mortgage loans. The complaint for this suit was filed in September 2012. Freddie Mac seeks, among other relief, specific performance of UBS RESI's alleged loan repurchase obligations for at least USD 94 million in original principal balance of loans for which Freddie Mac had previously demanded repurchase; no damages are specified.

UBS also has tolling agreements with certain institutional purchasers of RMBS concerning their potential claims related to substantial purchases of UBS-sponsored or third-party RMBS.

As reflected in the table below, UBS's balance sheet at 31 December 2012 included a provision of USD 658 million with respect to matters described in this item 6. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of this matter cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

Provision for claims related to sales of residential mortgage-backed securities and mortgages

	31.12.1
<i>USD million</i>	2
Balance at the beginning of the year	104
Increase in provision recognized in the income statement	554
Release of provision recognized in the income statement	0
Provision used in conformity with designated purpose	0
Balance at the end of the year	658

7. 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 cross-border business. In 2011, the court dismissed all claims based on purchases or sales of UBS ordinary shares made outside the US, and, in September 2012, the court dismissed with prejudice the remaining claims based on purchases or sales of UBS ordinary shares made in the US for failure to state a claim. Plaintiffs have appealed the court's decision. 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 2011, the court dismissed the ERISA complaint. In March 2012, the court denied plaintiffs' motion for leave to file an amended complaint. On appeal, the Second Circuit upheld the dismissal of all counts relating to one of the retirement plans. With respect to the second retirement plan, the Court upheld the dismissal of some of the counts, and vacated and remanded for further proceedings with regard to the counts alleging that defendants had violated their fiduciary duty to prudently manage the plan's investment options, as well as the claims derivative of that duty.

8. 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 the Swiss Financial Market Supervisory Authority (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 in 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. UBS (Luxembourg) SA and certain other UBS subsidiaries are responding to inquiries by Luxembourg investigating authorities, without however being named as parties in those investigations. In 2009 and 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. The liquidators have filed supplementary claims for amounts that the funds may possibly be held liable to pay the BMIS Trustee. These amounts claimed by the liquidator are approximately EUR 564 million and EUR 370 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 by the claimants against the 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, among others, in relation to the two Luxembourg funds and one of the offshore funds. A claim was filed in 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 in this action was not less than USD 2 billion. A second claim was filed in 2010 against 16 defendants including UBS entities and the Luxembourg fund concerned. The total amount claimed against all defendants was not less than USD 555 million. Following a motion by UBS, in 2011 the District Court dismissed all of the BMIS Trustee's claims other than claims for recovery of fraudulent conveyances and preference payments that were allegedly transferred to UBS on the ground that the BMIS Trustee lacks standing to bring such claims. The BMIS Trustee has appealed the District Court's decision. 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.

9. Transactions with Italian public sector entities

A number of transactions that UBS Limited and UBS AG respectively entered into with public sector entity counterparties in Italy have been called into question or become the subject of legal proceedings and claims

for damages and other awards. In 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 Milan between 2005 and 2007. In addition, in 2010 a criminal trial began against two current UBS employees and one former employee, together with employees from the three other banks, a former officer of Milan and a former adviser to Milan, for alleged fraud against a public entity in relation to the same bond issue and the execution, and subsequent restructuring, of the related derivative transactions. UBS Limited was also the subject (as were the three other banks) of an administrative charge, brought in the context of the criminal trial of the individuals, of failing to have in place a business organizational model to avoid the alleged misconduct by employees. In March 2012, UBS Limited and UBS Italia SIM Spa finalized a civil damages settlement agreement with Milan without any admission of liability. The settlement did not dispose of the ongoing criminal or administrative proceedings, nor did it dispose of a civil consumer group claim lodged in the criminal proceeding. In December 2012 the Milan criminal court found UBS Limited liable for the administrative offense and convicted the three UBS employees (two current and one former) of fraud against a public entity. The sanctions against UBS Limited, which are not effective until appeals are exhausted, are confiscation of the alleged level of profit flowing from the criminal findings (EUR 16.6 million), a fine in respect of the finding of the administrative offense (EUR 1 million) and payment of legal fees. UBS has previously provided for this potential exposure in the amount of EUR 18.5 million. Convictions have also been issued against six employees of the three other international banks, and the banks themselves were also found liable for the administrative offense.

Derivative transactions with the Regions of Calabria, Tuscany, Lombardy and Lazio and the City of Florence have also been called into question or become the subject of legal proceedings and claims for damages and other awards. Florence and Tuscany have also attempted to invoke Italian administrative law remedies which purport to allow a public entity to challenge its own decision to enter into the relevant contracts and avoid their obligations thereunder. In April 2012, UBS AG and UBS Limited settled the existing disputes with the Region of Tuscany without any admission of liability. In January 2013, the Tuscany criminal court dismissed without further consequence a related criminal investigation. In November 2012, UBS reached civil settlements with, respectively, the Regions of Lombardy and Lazio (the latter settlement is conditional upon Lazio making certain amendments to its pleading in ongoing litigation against third parties), again without any admission of liability. An in-principle agreement has also been reached with the City of Florence. Provisions have been booked in respect of these agreed or prospective settlements.

10. 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. In March 2012, a New York state appellate court dismissed HSH's fraud claim and affirmed the trial court's dismissal of its negligent misrepresentation claim and punitive damages demand. As a result, the claims remaining in the case were for breach of contract and breach of the implied covenant of good faith and fair dealing. HSH has sought permission to appeal the appellate court's decision to the New York Court of Appeals. In March 2013, the parties settled the litigation. UBS had previously provided for this potential exposure in an amount equal to the settlement amount.

11. 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. UBS entered into back-to-back CDS transactions with the other counterparties, Depfa Bank plc ("**Depfa**") and Landesbank Baden-Württemberg ("**LBBW**"), in relation to their respective swaps with KWL. Under the CDS contracts between KWL and UBS, the last of which were terminated by UBS in 2010, a net sum of approximately USD 138 million has fallen due from KWL but not been paid. Earlier in 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. The English court ruled in 2010 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. KWL withdrew its appeal from that decision and the civil dispute is now proceeding before the English court. UBS has added its monetary claim to the proceedings. KWL is defending against UBS's claims and has served a counterclaim which also joins

UBS Limited and Depfa to the proceedings. As part of its assertions, KWL claims damages of at least USD 68 million in respect of UBS's termination of some of the CDS contracts, whilst disputing that any monies are owed to UBS pursuant to another CDS contract. UBS, UBS Limited and Depfa are defending against KWL's counterclaims, and Depfa has asserted additional claims against UBS and UBS Limited.

In 2010, KWL issued proceedings in Leipzig, Germany against UBS, Depfa and LBBW, 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, KWL also withdrew its civil claims against UBS and Depfa in the German courts, and no civil claim will proceed against either of them in Germany. The proceedings brought by KWL against LBBW are now proceeding before the German courts. The Leipzig court has ruled that it is for the London court and not the Leipzig court to determine the validity and effect of a third party notice served by LBBW on UBS in the Leipzig proceedings.

The back-to-back CDS transactions were terminated in 2010. In 2010, UBS and UBS Limited issued separate proceedings in the English High Court against Depfa and LBBW seeking declarations as to the parties' obligations under the back-to-back CDS transactions and monetary claims. UBS Limited contends that it is owed USD 83.3 million, plus interest, by Depfa. UBS contends that it is owed EUR 75.5 million, plus interest, by LBBW. Depfa and LBBW respectively are defending against the claims and have also issued counterclaims. Additionally Depfa has added a claim against KWL to the proceedings against it and KWL has served a defense.

The former managing director of KWL and two financial advisers were convicted on criminal charges of bribery, and are currently standing trial for related charges of embezzlement, in respect of certain KWL transactions, including swap transactions with UBS and other banks.

In 2011, the SEC commenced an inquiry regarding the KWL transactions and UBS is providing information to the SEC relating to those transactions.

12. Puerto Rico

In 2011, a purported shareholder derivative action was filed on behalf of the Employee Retirement System of the Commonwealth of Puerto Rico ("**System**") against over 40 defendants, including UBS Financial Services Inc. of Puerto Rico ("**UBS PR**") and other consultants and underwriters, trustees of the System, and the President and Board of the Government Development Bank of Puerto Rico. The plaintiffs allege that defendants violated their purported fiduciary duties and contractual obligations in connection with the issuance and underwriting of approximately USD 3 billion of bonds by the System in 2008. Plaintiffs seek damages of over USD 800 million, which represents plaintiffs' estimate of the difference between the interest rate the System will pay on the bonds prior to their maturity between 2023 and 2058 and the return on the investments the System will make with the proceeds of the bond offerings before the proceeds are used to help the System meet a portion of its obligations to pensioners. UBS is named in connection with its underwriting and consulting services. Defendants, including UBS, have moved to dismiss and are awaiting a decision on that motion. The case is pending in the Commonwealth of Puerto Rico Court of First Instance. UBS is also cooperating with an SEC investigation into the bond offerings. Separately, in late 2012, an SEC administrative hearing on securities law violation charges against two UBS PR executives concluded, with a decision expected in late 2013. The charges stemmed from the SEC's investigation of UBS PR's sale of closed-end funds in 2008 and 2009, which UBS PR settled in April 2012.

13. LIBOR and other benchmark rates

Numerous government agencies, including the SEC, the US Commodity Futures Trading Commission ("**CFTC**"), the DOJ, the UK Financial Services Authority ("**FSA**"), the UK Serious Fraud Office ("**SFO**"), the Monetary Authority of Singapore ("**MAS**"), the Hong Kong Monetary Authority ("**HKMA**"), FINMA, the various state attorneys general in the US, and competition authorities in various jurisdictions are conducting investigations regarding submissions with respect to British Bankers' Association LIBOR (London Interbank Offered Rate) and other benchmark rates. These investigations focus on whether there were improper attempts by UBS (among others), either acting on its own or together with others, to manipulate LIBOR and other benchmark rates at certain times. The UK Parliament is conducting an inquiry into "transparency, conflicts of interest and the culture and professional standards of the financial services industry including the interaction with the criminal law", and a narrower review by the FSA that concerns the LIBOR process is also ongoing.

In December 2012, UBS reached settlements with the FSA, the CFTC and the Criminal Division of the DOJ in connection with their investigations of benchmark interest rates. At the same time FINMA issued an order concluding its formal proceedings with respect to UBS relating to benchmark interest rates. UBS will pay a total of approximately CHF 1.4 billion in fines and disgorgement – including GBP 160 million in fines to the FSA, USD 700 million in fines to the CFTC, and CHF 59 million in disgorgement to FINMA. Under a non-prosecution agreement ("**NPA**") that UBS entered into with the DOJ, UBS has agreed to pay a fine of USD 500 million. Pursuant to a separate plea agreement between the DOJ and UBS Securities Japan Co. Ltd. ("**UBSSJ**"), UBSSJ has entered a plea to one count of wire fraud relating to the manipulation of certain benchmark interest rates, including Yen LIBOR, and the DOJ and UBSSJ have agreed to a sentence to be imposed on UBSSJ that would include a fine of USD 100 million, which is subject to the discretion of the sentencing court. The NPA requires UBS to pay the USD 500 million fine to DOJ within 10 days of the sentencing of UBSSJ, and provides that any criminal penalties imposed on UBSSJ at sentencing, which currently is scheduled for 15 March 2013, will be deducted from the USD 500 million fine. The conduct described in the various settlements and the FINMA order includes certain UBS personnel: engaging in efforts to manipulate submissions for certain benchmark rates to benefit trading positions; colluding with employees at other banks and cash brokers to influence certain benchmark rates to benefit their trading positions; and giving inappropriate directions to UBS submitters that were in part motivated by a desire to avoid unfair and negative market and media perceptions during the financial crisis. The benchmark interest rates encompassed by these resolutions include Yen LIBOR, GBP LIBOR, CHF LIBOR, Euro LIBOR, USD LIBOR, EURIBOR (Euro Interbank Offered Rate) and Euroyen TIBOR (Tokyo Interbank Offered Rate). UBS has ongoing obligations to cooperate with authorities with which it has reached resolutions and to undertake certain remediation with respect to benchmark interest rate submissions. Investigations by other government authorities remain ongoing notwithstanding these resolutions.

UBS has been granted conditional leniency or conditional immunity from authorities in certain jurisdictions, including the Antitrust Division of the DOJ and the Swiss Competition Commission ("**WEKO**"), in connection with potential antitrust or competition law violations related to submissions for Yen LIBOR and Euroyen TIBOR. WEKO has also granted UBS conditional immunity in connection with potential competition law violations related to submissions for Swiss franc LIBOR and certain transactions related to Swiss franc LIBOR. The Canadian Competition Bureau has granted UBS conditional immunity in connection with potential competition law violations related to submissions for Yen LIBOR. 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 the jurisdictions where it has conditional immunity or leniency in connection with the matters covered by the conditional grants, subject to its continuing cooperation. However, the conditional leniency and conditional immunity grants UBS has received do not bar government agencies from asserting other claims and imposing sanctions against UBS, as evidenced by the settlements and ongoing investigations referred to above. 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 its cooperation. The conditional leniency and conditional immunity grants do not otherwise affect the ability of private parties to assert civil claims against UBS.

In 2011, the Japan Financial Services Agency ("**JFSA**") commenced administrative actions and issued orders against UBS Securities Japan Ltd ("**UBS Securities Japan**") and UBS AG, Tokyo Branch in connection with their investigation of Yen LIBOR and Euroyen TIBOR. These actions were based on findings by the Japan Securities and Exchange Surveillance Commission ("**SESC**"), and, in the case of UBS AG, Tokyo Branch, the JFSA, that a former UBS Securities Japan trader engaged in inappropriate conduct relating to Euroyen TIBOR and Yen LIBOR, including approaching UBS AG, Tokyo Branch, and other banks to ask them to submit TIBOR rates taking into account requests from the trader for the purpose of benefiting trading positions.

A number of putative class actions and other actions are pending in the federal courts in New York and other jurisdictions against UBS and numerous other banks on behalf of parties who transacted in LIBOR-based derivatives linked directly or indirectly to US dollar LIBOR, Yen LIBOR, Euroyen TIBOR and EURIBOR. Also pending are actions asserting losses related to various products whose interest rate was linked to US dollar LIBOR, including adjustable rate mortgages, preferred and debt securities, bonds pledged as collateral, loans, depository accounts, investments and other interest bearing instruments. There is a pending motion to dismiss consolidated amended complaints which were filed by certain parties. All of the complaints allege manipulation, through various means, of various benchmark interest rates, including LIBOR, Euroyen TIBOR or EURIBOR rates and seek unspecified compensatory and other damages, including treble and punitive damages, under varying legal theories that include violations of the US Commodity Exchange Act, federal and state antitrust laws and the federal racketeering statute.

With respect to additional matters and jurisdictions not encompassed by the settlements and order referred to above, UBS's balance sheet at 31 December 2012 reflected a provision in an amount that UBS believes to be appropriate under the applicable accounting standard. As in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

14. SinoTech Energy Limited

Since 2011, multiple putative class action complaints have been filed and consolidated in federal court in Manhattan, against SinoTech Energy Limited ("**SinoTech**"), its officers and directors, its auditor at the time of its initial public offering ("**IPO**"), and its underwriters, including UBS. The second amended complaint filed in June 2012 alleges, with respect to the underwriters, that the registration statement and prospectus filed in connection with SinoTech's 2010 USD 168 million IPO of American Depositary Shares, of which UBS underwrote 70%, contained materially misleading statements and omissions, including allegations regarding the authenticity and accuracy of certain asset purchase contracts purportedly entered into between SinoTech and its vendors. Plaintiff asserts violations of the US federal securities laws and seeks unspecified compensatory damages, among other relief. UBS and several other defendants have reached an agreement to settle the lawsuit, which is subject to court approval.

15. Swiss retrocessions

The Zurich High Court decided in January 2012, in a test case, that fees received by a bank for the distribution of financial products issued by third parties should be considered to be "retrocessions" unless they are received by the bank for genuine distribution services. Fees considered to be retrocessions would have to be disclosed to the affected clients and, absent specific client consent, surrendered to them. On appeal, the Swiss Supreme Court ruled in October 2012 that distribution fees paid to UBS for distributing third party and intra-group investment funds and structured products must be disclosed and surrendered to clients who have entered into a discretionary mandate agreement with the bank, absent a valid waiver.

In November 2012, FINMA issued a supervisory note to all Swiss banks in response to the Supreme Court decision. The note sets forth the measures Swiss banks are to adopt, which include informing all affected clients about the Supreme Court decision and directing them to an internal bank contact for further details. UBS has met the FINMA requirements and has notified all potentially affected clients in the context of the mailing of the year-end account statements.

It is expected that the Supreme Court decision will result in a significant number of client requests for UBS to disclose and potentially surrender retrocessions. Client requests will be assessed on a case-by-case basis. Considerations to be taken into account when assessing these cases include, among others, the existence of a discretionary mandate and whether or not the client documentation contained a valid waiver with respect to distribution fees.

UBS's balance sheet at 31 December 2012 reflected a provision with respect to matters described in this item 15 in an amount that UBS believes to be appropriate under the applicable accounting standard. The ultimate exposure will depend on client requests and the resolution thereof, factors that are difficult to predict and assess, particularly in view of the limited experience to date. Hence as in the case of other matters for which UBS has established provisions, the future outflow of resources in respect of such matters cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that UBS has recognized.

16. Unauthorized trading incident

The trial in connection with the unauthorized trading incident that occurred in the Investment Bank and was announced in September 2011 concluded on 20 November 2012. The defendant was found guilty on two counts of fraud and not guilty on four counts of false accounting. On 26 November 2012, FINMA and the FSA announced the findings of their joint investigation. They also announced the actions they have taken, and the FSA imposed a fine of GBP 29.7 million on UBS.

In October 2012, a consolidated complaint was filed in a putative securities fraud class action pending in federal court in Manhattan against UBS AG and certain of its current and former officers relating to the unauthorized trading incident. The lawsuit was filed on behalf of parties who purchased publicly traded UBS securities on any US exchange, or where title passed within the US, during the period 17 November

2009 through 15 September 2011. The complaint alleges that UBS misrepresented, through its public statements and financial disclosures, that its risk controls and procedures were effective, and that the falsity of these representations became apparent when UBS disclosed the unauthorized trading incident in September 2011, a disclosure that purportedly caused UBS's stock price to drop 10% in one day. The plaintiff seeks unspecified damages and interest, among other relief. UBS's motion to dismiss the complaint is pending.

17. Banco UBS Pactual tax indemnity

Pursuant to the 2009 sale of Banco UBS Pactual S.A. ("**Pactual**") by UBS to BTG Investments, LP ("**BTG**"), BTG has submitted contractual indemnification claims that UBS estimates amount to approximately USD 1.1 billion, including interest and penalties. The claims pertain principally to several tax assessments issued by the Brazilian tax authorities against Pactual relating to the period from December 2006 through March 2009, when UBS owned Pactual. These assessments are being or will be challenged in administrative proceedings. In February 2013, the Brazilian tax authority issued a decision that reduced UBS's potential exposure on an assessment relating to deductions taken for goodwill amortization in connection with the 2006 acquisition of Pactual. The remaining assessment, net of this deduction, is being appealed to the next level administrative court. BTG has also provided notice to UBS of several additional Pactual-related inquiries by the Brazilian tax authorities that relate to the period of UBS's ownership of Pactual, but involving substantially smaller amounts.

18. Greater Southwestern Funding

In June 2010, UBS was named as a defendant in a putative class action complaint brought in federal court in Oklahoma relating to its role as underwriter and seller in a bond offering of USD 182 million in zero coupon bonds originally issued in 1984 by Greater Southwestern Funding Corporation ("**GSF**"). The complaint alleges that GSF breached its contractual obligation to make payments on the bonds and is liable for the principal and interest due on the bonds, and that UBS is liable for GSF's contract indebtedness under equitable theories, including a corporate "veil-piercing" claim. A class was certified in December 2011. UBS's motion for summary judgment seeking dismissal of all claims against UBS is pending. Trial is scheduled to begin as early as April 2013.

Besides the proceedings specified above under (1) through (18) 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.

Significant Changes in the Financial or Trading Situation of the Issuer

There has been no material change in the financial or trading position of UBS since the reporting date of UBS's annual report 2012 (including audited consolidated financial statements) for the period ending on 31 December 2012.

IX. 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.

X. Documents on Display

- The Annual Report of UBS AG as of 31 December 2011, comprising the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) 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 2012, comprising the sections (1) Operating environment and strategy, (2) Financial and operating performance, (3) Risk, treasury and capital management, (4) Corporate governance, responsibility and compensation, (5) 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"); and

- The Articles of Association of UBS AG,

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 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."

- 6)** In relation to
- (a)** the Base Prospectus dated 16 June 2008 concerning the Structured Warrant Programme,
 - (b)** the Base Prospectus dated 15 June 2009 concerning the Structured Warrant Programme,
 - (c)** the Base Prospectus dated 21 October 2009 concerning the Structured Warrant Programme,
 - (d)** the Base Prospectus dated 26 April 2010 concerning the issue of UBS [Capital Protected] [Gearing] [Capital Yield] [Champion] [Outperformance] [Easy] [Express] [Kick-In] [PLUS] [XL] [Bonus] [(Capped)] [Certificates] [Notes],
 - (e)** the Base Prospectus dated 19 August 2010 concerning the issue of Securities,
 - (f)** the Base Prospectus dated 22 October 2010 concerning the Structured Warrant Programme,
 - (g)** the Base Prospectus dated 3 December 2010 concerning the issue of Securities,
 - (h)** the Base Prospectus dated 14 October 2011 concerning the Structured Warrant Programme, and
 - (i)** the Base Prospectus dated 28 November 2011 concerning the issue of Securities,
 - (j)** the Base Prospectus dated 20 June 2012 concerning the Structured Warrant Programme, and
 - (k)** the Base Prospectus dated 20 June 2012 concerning the issue of Securities,

the paragraph headed "Availability of the Prospectus and Other Documents" or "Availability of the Prospectus and other documents" or "Availability of the Base Prospectus and other documents", as the case may be, is completely replaced by the following:

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

- (a) the Articles of Association of UBS AG;
- (b) a copy of the Base Prospectus (together with any supplement including any Final Terms thereto);
- (c) a copy of the Annual Report of UBS AG as at 31 December 2012;
- (d) a copy of the Annual Report of UBS AG as at 31 December 2011; and
- (e) copies of the quarterly reports of UBS AG.

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

ADDRESS LIST

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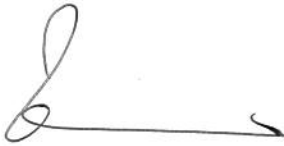
The Base Prospectus and all supplements thereto, shall be maintained in printed format, for free distribution, at the offices of the Issuer for a period of twelve months after the publication of this document and are published on the website www.ubs.com/keyinvest, or a successor website.

In addition, the annual and quarterly reports of UBS AG are published on UBS' website, at www.ubs.com/investors or a successor address.

Zurich, 3 April 2013

UBS AG

By:



(signed by Stefanie Zaromitidis)

By:



(signed by Sigrid Kossatz)