

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

dated 24 September 2014 to the already published Base Prospectus dated 10 March 2014 for the Issuance of UBS Performance Securities

This supplement serves as supplementing an additional Index to the Base Prospectus mentioned above:

Supplementing the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) to the above mentioned Base Prospectus – Decision on 1 September 2014 to publicly offer Securities linked to the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) in some of the Public Offer Jurisdictions

The following table shows the supplemented information that has become available after the date of the relevant Supplement or the Base Prospectus, as mentioned above.

Updated information	Revisions
Risk Factors	The section Risk factors (III. Underlying specific Risks, III. Basiswertspezifische Risikofaktoren) has been supplemented.
Information about the Underlying	The description of "UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR)" has been supplemented .

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.

TABLE OF CONTENTS OF THIS SUPPLEMENT

Page

1)	Risk Factors (in the English Language)	4
2)	Risk Factors (in the German Language)	9
3)	Information about the Underlying	15
	Address List	40
	Signatories	41

- 1) In relation to the Base Prospectus dated 10 March 2014 for the Issuance of UBS Performance Securities in section "C. Risk Factors" and "1. Risk Factors (in the English Language)" in the section headed "III. Underlying specific Risks" the risks specifically related to the UBS Mergers & Acquisitions – Europe Investable Index Total Return (EUR) have been supplemented as follows:

In case of the **UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) as the Underlying or a Basket Component, as the case may be**, as specified in the definition of "Underlying" contained in the section "Product Terms" of the relevant Final Terms,

potential investors should consider the following risks **specifically related to the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) as Underlying or a Basket Component**, as the case may be:

Rules-based Index

The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) operates on the basis of pre-determined rules. No assurance can be given that the algorithm on which the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is based will be successful or that the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) will outperform any alternative algorithm that could have been employed.

The Securities may not be a suitable investment for all investors

Each prospective Investor must determine the suitability of that investment in light of its own circumstances. In particular, each prospective Investor should: (a) have sufficient knowledge and experience to evaluate the Securities, the merits and risks of investing in the Securities and the information contained in the product documentation; (b) have the knowledge of, in the context of its particular financial situation, an investment in the relevant product and the impact the Securities will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the settlement currency is different from the prospective Investor's currency or may be payable in one or more currencies; (d) understand thoroughly the terms of the Securities and be familiar with any relevant assets, indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors could lose their entire investment

The Index Level depends on the performance of the Index Components, each of which may increase or decrease in value. Neither the Index nor any of the Index Components includes any element of capital protection or guaranteed return. The value of any Index Component, or the Index itself, may fall below its initial value.

Market risks may affect the Index Level

Economic, financial, political, regulatory, geographical, judicial or other events which affect the investment climate and economic sentiment may affect the value of the Index Components and, therefore, the Index Level.

The Index is not actively managed

The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) operates in accordance with a pre-determined methodology and formulae as further described herein, and UBS AG, acting through its London Branch, (or its successor) (the "**Index Administrator**") exercises discretion only in limited situations. The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is, therefore, not actively managed. There will be no active management of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) so as to enhance returns beyond those embedded in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR). Market participants are often able to adjust their investments promptly in view of market, political, financial or other factors, and an actively managed product could potentially respond more directly and appropriately to immediate market, political, financial or other factors than a non-actively managed index. In contrast, the pre-determined methodology and formulae in respect of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) will rebalance the weights or quantity assigned to each index component to its specified value only on each rebalancing date.

Neither the Index Owner nor the Index Administrator is acting as an investment adviser or performing a discretionary management role with respect to the UBS Merger & Acquisitions – Europe Investable

Index Total Return (EUR) and, as a result, has any fiduciary duty to any person in respect of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR).

Influence of Currency Exchange Rates

Index Components may be denominated in currencies different from the Index Currency, and the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is not currency-hedged. An unfavourable performance of such currencies in relation to the Index Currency may have an adverse effect on the Index Level at any given time.

No rights in any Index Component

The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is purely synthetic. The exposure to each index component is purely notional and will exist only in the records held by the Index Administrator. A notional investment in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) will not make an investor the owner of, or as the case may be, a party to, any Index Component comprising the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR). Investors will not have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any Index Component comprised or included in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR).

The Index relies on the use of third-party information about Index Components

All information about any Index Component has been derived from publicly available documents. UBS has not participated and will not participate in the preparation of any of those documents. Nor has UBS made or will UBS make any “due diligence” investigation or any inquiry with respect to the sponsor or issuer of any Index Component in connection with the maintenance of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR). UBS does not make any representation or warranty that any such publicly available document or any other relevant publicly available information is accurate or complete. Furthermore, UBS does not know whether all events occurring before the date of the Index Manual, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of any Index Component, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning any Index Component could affect the Index Level.

The Index Administrator may rely upon third party and other external and internal data sources which may be inaccessible and/or inaccurate, and the inputs used by the Index Administrator to run the Index calculations may affect the Index Level

The Index Administrator may rely upon third party brokers or external dealers and other external and internal sources to obtain certain inputs necessary to compute the Index Level. The inability of the Index Administrator to source necessary data to calculate the relevant formulae of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) may affect the Index Level. In addition, the Index Administrator makes no warranty as to the correctness or completeness of that information and takes no responsibility for the accuracy of such data or the impact of any inaccuracy of such data on the Index Level.

The policies of the Index Administrator and changes that affect the composition and the Index Components could affect the Index Level

The policies of the Index Administrator concerning the calculation of the Index Level and the values of the Index Components could affect the Index Level.

The Index Administrator may, subject to the Index Administrator obtaining the prior consent of the Index Owner, modify the methodology for calculating the Index Level and the values of the Index Components. In addition, as described herein, under a number of circumstances the Index Administrator may make certain changes to the way in which the Index Level or the value of any of the Index Components is calculated. The Index Administrator may also discontinue or suspend calculation or publication of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR), in which case it may become difficult to determine the Index Level. Notice of such amendments shall be provided in advance on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website.

The historical or hypothetical performance of the Index or any Index Component is not an indication of future performance

The historical or hypothetical performance of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) or any Index Component should not be taken as an indication of the future performance of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) or any Index Component. It is impossible to predict whether the future level, value or price of the UBS Merger

& Acquisitions – Europe Investable Index Total Return (EUR) or any Index Component will fall or rise. Past fluctuations and trends in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) or any Index Component are not necessarily indicative of fluctuations or trends that may occur in the future.

The level of the Reserve Index Component may affect the Index Level at any time.

The Reserve Index Component is the MSCI Daily TR Net Europe Euro (Bloomberg code MSDEE15N) (an “**Underlying Index**”). The level of the Underlying Index may affect the Index Level at any time. Index Product Investors should carefully read and consider the publicly available index description or manual containing information about such Underlying Index, including the risk factors associated with a notional investment in such Underlying Index.

The occurrence of certain events with respect to the Underlying Index may affect the Index Level

The prices of component securities or other financial instruments comprising an Underlying Index may be adversely impacted by a wide range of events. For example, component securities or other financial instruments comprised in an Underlying Index may be subject to corporate actions and other extraordinary events, such as mergers, tender offers, extraordinary dividends and nationalisations. The administrator of the Reserve Index Component (the “**Underlying Index Administrator**”) may be entitled to adjust the composition of the Underlying Index pursuant to the rules of the Underlying Index. Any such events or actions may affect or have an adverse effect on the level of such Underlying Index and in turn on the Index Level.

Market and other activities in respect of the Underlying Index may contribute to an increased level of investment in the Underlying Index

The Underlying Index Administrator has licensed, and may continue to license, the Underlying Index for use by other market participants, for publication in newspapers and periodicals, for distribution by information and data dissemination services and for various other purposes, any of which may contribute to an increased level of investment in the Underlying Index. This may have an adverse impact on the level of the Underlying Index and consequently the Index Level.

The Underlying Index Administrator may be required to replace a component security comprised in an Underlying Index if the existing component security is removed

The Underlying Index comprises component securities. Data concerning the component securities will be used to calculate the Underlying Index. If any component security was to be removed in accordance with the rules of the index methodology of the Underlying Index, a comparable security may be selected by the Underlying Index Administrator, if available, to replace that component security. The replacement of any component security may have an adverse impact on the level of the Underlying Index and consequently, the Index Level.

The policies of the Underlying Index Administrator and changes that affect the Underlying Index could affect the level of the Underlying Index

The policies of the Underlying Index Administrator concerning its calculation could affect the level of the Underlying Index. The level of the Underlying Index could also be affected if the Underlying Index Administrator changes these policies, for example, by materially changing the manner in which it calculates the Underlying Index, or if it cancels or fails to calculate or publish the Underlying Index, in which case it may become difficult or inappropriate to determine the market value of any financial products linked to the Underlying Index (including the Index Level). If any such policies relating to the Underlying Index are changed, or the calculation or publication of the Underlying Index is discontinued or suspended, this could affect the Index Level.

Underlying Index Administrator will have the authority to make determinations that could materially affect the performance of the Underlying Index in various ways

The Underlying Index was developed, and is currently owned, calculated and maintained, by the Underlying Index Administrator. The Underlying Index Administrator is responsible for the composition, calculation and maintenance of the Underlying Index and has determinative influence over its composition, calculation and maintenance. The judgements that the Underlying Index Administrator makes in connection with the composition, calculation and maintenance of the Underlying Index, could affect the level of the Underlying Index and therefore the Index Level. The Underlying Index Administrator may decide to discontinue calculating and publishing the Underlying Index and has no obligation to take the interests of holders of any product directly or indirectly linked to the performance of the Underlying Index (including any Index Product) into consideration for any reason in making such determination.

There is no affiliation between the Underlying Index Administrator as administrator of the Underlying Index and the Index Administrator and the Index Administrator is not responsible for any disclosure by the Underlying Index Administrator

Neither the Index Administrator nor any of its affiliates is affiliated with the Underlying Index Administrator as administrator of the Underlying Index. Neither the Index Administrator nor any of its affiliates assume any responsibility for the accuracy or the completeness of any information about the Underlying Index. Index Product Investors should make their own investigation into the Underlying Index.

Trading and other transactions by the Index Administrator and its affiliates in the Index or the Index Components may affect the Index Level

The Index Administrator and its affiliates may also engage in trading in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR), the Index Components, futures or options on the Index Components and other investments relating to or based on the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) or the Index Components on a regular basis as part of its general business, for proprietary accounts, for other accounts under management, to facilitate transactions for customers or to hedge obligations under products linked to the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) or Index Components. Although they are not intended to, any of these activities could adversely affect the value of the Index Components or the Index Level. It is possible that one or more of the Index Administrator and its affiliates could receive substantial returns from these activities while the value of the Index Components and the Index Level decline.

The Index Administrator or its affiliates may also issue or underwrite securities or financial or derivative instruments with returns linked or related to changes in the performance of any of the foregoing.

With respect to any of the activities described above, neither the Index Administrator nor its affiliates has any obligation to take into consideration at any time the impact of such activities on the value of the Index Components or the Index Level.

Termination or Suspension of the Index

The Index Administrator is under no obligation to continue the calculation, publication and dissemination of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR). The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) may be terminated or temporarily suspended at any time. Should the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) cease to exist, this may have a negative impact on the return on any notional investment in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR).

Amendment or Modification to the Index

The Index may be amended, modified or adjusted from time to time by the Index Administrator, subject to the Index Administrator obtaining the prior consent of the Index Owner. Any such amendment, modification or adjustment may have an adverse effect on the Index Level. The Index Administrator will apply the method described in the Index Manual for the composition of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) and calculation of the Index Level. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Administrator may, subject to the Index Administrator obtaining the prior consent of the Index Owner, also make changes to the provisions of the Index Manual and the method applied to calculate the Index Level, which it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect or ambiguous provisions. Notice of such amendments, modifications or adjustments shall be provided on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website.

Index Administrator Discretion

The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) confers discretion on the Index Administrator in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the Index Administrator in good faith, the exercise of such discretion in the making of any calculations, determinations and corrections may adversely affect the performance of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR). Any such determination, calculation or correction by the Index Administrator will be, in the absence of manifest error, final, conclusive and binding. The Index Administrator will determine whether any such correction shall apply retrospectively or from the relevant date forward.

The role played by UBS AG, as Index Administrator and the exercise of the kinds of discretion described above could present it with significant conflicts of interest in light of the fact that UBS AG, of which the Index Administrator is a division, is the issuer or counterparty of Index Products. Neither the Index Administrator nor the Index Owner has any obligation to take into consideration the needs of any investor at any time.

Change of Index Owner and Index Administrator

The Index Owner may without the consent of investors replace the Index Administrator (the “**Successor Index Administrator**”) at its discretion, and furthermore, may also designate a successor Index Owner (the “**Successor Index Owner**”) at its discretion – in the event of such replacement, any reference to the “Index Administrator” and/or the “Index Owner” shall be construed as a reference to the Successor Index Administrator and the Successor Index Owner, respectively.

Simulated history

As limited historical performance data exist with respect to the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR), any notional investment in the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) may involve greater risk than a notional investment in indices or strategies with a proven track record. The UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) was first calculated on or around the Index Commencement Date and, therefore, lacks historical performance prior to such date. All such retrospective closing levels are simulated based on quantitative screening only. They must be considered hypothetical and illustrative only.

The actual performance of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) may be materially different from the results presented in any simulated history relating to the Index. Past performance should not be considered indicative of future performance.

Equity market risks may affect the Index Level.

Because the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) includes equity securities, it is expected that the Index Level will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of its component stocks, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the equity securities may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the Index Level. Common stocks are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the security or securities comprising the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) change. Investor perceptions regarding the issuer of an equity security comprising the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) or an Index Component are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

Changes to an Index Component may affect the Index Level.

Where certain events in respect of any Index Component occur, including but not limited to any Index Component’s issuer becomes insolvent or bankrupt, is the target of a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity that results in such entity or person purchasing, or otherwise obtaining, or having the right to obtain, by conversion or other means, greater than ten per cent (10%) or not less than one hundred per cent (100%) of its outstanding voting shares or is subject to a merger, in each case as determined by the Index Administrator, or the Index Administrator determines that an event has occurred that has a dilutive or concentrative effect on the value of the shares of equity securities occurs while the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is being calculated (including, the occurrence of any of the following, in each case, if such event occurs while the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is being calculated: (i) a sub-division, consolidation or reclassification of the shares of equity securities, (ii) a distribution or dividend to existing holders of shares, (iii) an extraordinary dividend, (iv) a call in respect of shares of equity securities that are not fully paid, (v) a repurchase by the issuer of shares of equity securities, or (vi) a separation of rights from shares of equity securities), then the Index Calculation Agent may have discretion to make certain determinations to account for such event, including to make adjustments to the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR), any of which determinations may have an adverse effect on the Index Level.

- 2) In relation to the Base Prospectus dated 10 March 2014 for the Issuance of UBS Performance Securities in section "C. Risk Factors" and "2. Risk Factors (in the German Language)" in the section headed "III. Basiswertspezifische Risikofaktoren" the risks specifically related to the UBS Mergers & Acquisitions – Europe Investible Index Total Return (EUR) have been supplemented as follows:

Im Fall des **UBS Mergers & Acquisitions – Europe Investible Index Total Return (EUR) als Basiswert bzw. Korbbestandteil**, wie in der Definition "Basiswert" in dem Abschnitt "Produktbedingungen" der maßgeblichen Endgültigen Bedingungen festgelegt,

sollten potentielle Erwerber die folgenden Risiken, die speziell mit dem UBS Mergers & Acquisitions – Europe Investible Index Total Return (EUR) als Basiswert bzw. Korbbestandteil verbunden sind, beachten:

Regelbasierter Index

Der UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) richtet sich nach bestimmten, vorab festgelegten Vorgaben. Es kann keine verbindliche Aussage darüber getroffen werden, ob mit dem dem UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) zugrundeliegenden Algorithmus Erfolge erzielt werden, oder ob die Entwicklung des UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) die Entwicklung anderer, möglicherweise angewandter Algorithmen übertrifft.

Die Indexprodukte sind möglicherweise nicht für alle Anleger geeignet

Jeder interessierte Anleger in Indexprodukte muss die Geeignetheit der Anlage im Hinblick auf seine eigenen Umstände beurteilen. Insbesondere sollte jeder interessierte Anleger in Indexprodukte: (a) über hinreichende Kenntnisse und Erfahrung verfügen, um die Indexprodukte, ihre Vorzüge und das Risiko einer Investition in die Indexprodukte sowie die in den Produktunterlagen enthaltenen Informationen beurteilen zu können; (b) Kenntnis haben, um im Kontext seiner besonderen finanziellen Situation eine Investition in das betreffende Produkt und die Auswirkungen der Indexprodukte auf sein gesamtes Anlageportfolio beurteilen zu können; (c) über hinreichende finanzielle Mittel und Liquidität verfügen, um sämtliche mit einer Anlage in die Indexprodukte verbundenen Risiken tragen zu können, insbesondere wenn die Abrechnungswährung von der Währung des interessierten Anlegers in Indexprodukte abweicht oder die Abrechnung in einer oder mehreren Währungen erfolgen kann; (d) die Bedingungen der Indexprodukte genau verstehen und sich mit den betreffenden Vermögenswerten, Indizes und Finanzmärkten vertraut machen; und (e) in der Lage sein, entweder allein oder mit Hilfe eines Finanzberaters mögliche Szenarien für wirtschaftliche, zinsbezogene und sonstige Faktoren zu beurteilen, die die Anlage und seine Fähigkeit, die einschlägigen Risiken zu tragen, beeinflussen können.

Anleger in Indexprodukte können ihren Kapitaleinsatz verlieren

Der Indexwert hängt von der Entwicklung der Indexbestandteile ab, deren Wert zu- oder abnehmen kann. Weder der Index noch ein Indexbestandteil umfasst ein Element des Kapitalschutzes oder einen garantierten Ertrag. Der Wert eines Indexbestandteils oder des Index selbst kann unter seinen ursprünglichen Wert fallen.

Marktrisiken können sich auf den Indexwert auswirken

Wirtschaftliche, finanzielle, politische, regulatorische, geographische, rechtliche oder sonstige Ereignisse können das Investitionsklima und das wirtschaftliche Umfeld beeinflussen, die wiederum Auswirkungen auf den Wert der Indexbestandteile und damit den Indexwert haben.

Kein aktives Management des Index

Der UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) wendet bestimmte, zuvor festgelegte Methoden und Formeln an, wie nachfolgend näher beschrieben, und UBS AG, die durch ihre Londoner Niederlassung (oder deren Nachfolger) (der "**Indexverwalter**") handelt, entscheidet nur in Einzelfällen nach ihrem Ermessen. Der UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) unterliegt daher keinem aktiven Management. Es erfolgt kein aktives Management des UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) um Erträge zu verstärken, die jenseits der im UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) angelegten Erträge liegen. Marktteilnehmer sind oft in der Lage, ihre Anlagen unverzüglich an Marktentwicklungen, politische, finanzielle und andere Faktoren anzupassen und ein Produkt, das aktivem Management unterliegt, könnte potenziell unmittelbarer und angemessen auf direkte Marktentwicklungen, politische, finanzielle und andere Faktoren reagieren, was für einen nicht einem aktiven Management unterliegenden Index nicht der Fall ist. Im Gegenteil, die zuvor festgelegten Methoden und Formeln des UBS Merger & Acquisitions – Europe Investible Index Total Return (EUR) werden die Gewichtung und

jedem Indexbestandteil zugewiesenen Mengen nur am Neugewichtungstermin an ihren jeweiligen Wert anpassen.

Weder der Indexeigentümer noch der Indexverwalter handeln bezüglich des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) als Anlageberater und haben auch keine Managementposition mit Ermessensspielraum inne, weshalb sie keine treuhänderischen Verpflichtungen gegenüber Dritten haben, was den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) betrifft.

Einfluss von Wechselkursen

Indexbestandteile können auf Währungen lauten, die von der Währung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) abweichen und der Index ist nicht durch Absicherungsgeschäfte gegen Währungsschwankungen abgesichert. Eine ungünstige Wertentwicklung solcher Währungen gegenüber der Indexwährung kann jederzeit negative Folgen für den Indexwert haben.

Keine Rechte an einem Indexbestandteil

Der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) ist vollständig synthetisch. Das Engagement in die Bestandteile des Index ist rein fiktiv und existiert lediglich in den beim Indexverwalter befindlichen Unterlagen. Eine fiktive Anlage in den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) führt nicht dazu, dass ein Anleger Eigentümer oder Partei des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) wird. Den Anlegern stehen keine Stimmrechte, Rechte zum Bezug von Dividenden oder Ausschüttungen oder andere Rechte an den Indexbestandteilen zu, die im UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) enthalten sind.

Der Index ist von Informationen Dritter über die Indexbestandteile abhängig

Sämtliche Informationen über Indexbestandteile sind allgemein zugänglichen Dokumenten entnommen. Die dort veröffentlichten Dokumente wurden in der Vergangenheit und werden auch künftig ohne Mitwirkung von UBS erstellt. Untersuchungen oder Nachforschungen über Sponsor oder Emittentin der Indexbestandteile im Zusammenhang mit der Fortführung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) wurden und werden von UBS nicht angestellt. UBS übernimmt keinerlei Zusicherung oder Gewährleistung, dass öffentlich zugängliche Unterlagen oder sonst einschlägige veröffentlichte Informationen zutreffend oder vollständig sind. Auch ist UBS nicht bekannt, ob alle vor Veröffentlichung der vorliegenden Index-Unterlagen eingetretenen Ereignisse, insbesondere solche Ereignisse, die Einfluss auf die Richtigkeit oder Vollständigkeit der oben genannten öffentlich zugänglichen Unterlagen oder den Stand, Wert oder Kurs eines Indexbestandteils haben würden, ihrerseits veröffentlicht wurden. Eine verspätete Veröffentlichung solcher Ereignisse oder die Veröffentlichung oder Nichtveröffentlichung von wesentlichen künftigen Ereignissen betreffend einen Indexbestandteil können Auswirkungen auf den Indexwert haben.

Der Indexverwalter verlässt sich u.U. auf Dritte sowie sonstige externe und interne Datenquellen, die nicht zugänglich oder ungenau sein können; die vom Indexverwalter für die Indexberechnungen benutzten Angaben können den Indexwert beeinflussen

Der Indexverwalter kann sich auf externe Broker oder Händler und sonstige externe und interne Datenquellen verlassen, um von diesen bestimmte Angaben zu erlangen, derer er für die Berechnung des Indexwerts bedarf. Sollte es dem Indexverwalter unmöglich sein, die erforderlichen Daten für die Berechnung der relevanten Formeln des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) zu erhalten, kann dies den Indexwert beeinflussen. Darüber hinaus gibt der Indexverwalter keinerlei Garantien über die Richtigkeit oder Vollständigkeit dieser Angaben ab und übernimmt auch keine Haftung für deren Richtigkeit oder die Auswirkung der Unrichtigkeit dieser Angaben auf den Indexwert.

Einfluss von Richtlinien des Indexverwalters und Änderungen bei der Zusammensetzung und den Indexbestandteilen auf den Indexwert

Die Richtlinien des Indexverwalters zur Berechnung des Indexwerts und des Werts der Indexbestandteile können den Indexwert beeinflussen.

Der Indexverwalter kann vorbehaltlich einer vorherigen Zustimmung des Indexeigentümers die Methoden zur Berechnung des Indexwerts und des Werts der Indexbestandteile ändern. Darüber hinaus kann der Indexverwalter, wie nachstehend näher beschrieben, in einer Reihe von Fällen bestimmte Änderungen der Art und Weise der Berechnung des Indexwerts oder des Werts einzelner Indexbestandteile vornehmen. Der Indexverwalter kann auch die Berechnung oder Veröffentlichung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) unterbrechen oder aussetzen,

was die Feststellung des Indexwerts erschweren kann. Eine Mitteilung solcher Änderungen erfolgt auf der Bloomberg-Seite, der Reuters-Seite oder der UBS-Webseite.

Künftige Wertentwicklung des Index oder seiner Bestandteile werden nicht durch historische oder hypothetische Wertentwicklung indiziert

Die historische oder hypothetische Wertentwicklung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) oder eines Indexbestandteils ist nicht als Indikation für die künftige Wertentwicklung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) oder eines Indexbestandteils zu sehen. Es ist nicht möglich, im Voraus zu bestimmen, ob der Wert oder der Kurs des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) oder eines Indexbestandteils zukünftig steigen oder fallen wird. Aus Kursschwankungen und Entwicklungen des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) oder einzelner Indexbestandteile in der Vergangenheit lassen sich potenzielle künftige Kursschwankungen und Entwicklungen nicht notwendigerweise ablesen.

Das Niveau der Reserve-Indexbestandteile kann den Indexwert jederzeit beeinflussen

Der Reserve-Indexbestandteil ist der MSCI Daily TR Net Europe Euro (Bloomberg Code MSDEE15N) (der "Basiswert" (Underlying Index)). Der Wert des Basiswerts kann den Indexwert jederzeit beeinflussen. Anleger in Indexprodukte sollten die öffentlich zugängliche Indexbeschreibung oder Unterlagen, die Informationen über den betreffenden Basiswert enthalten, sorgfältig lesen und berücksichtigen, insbesondere die Risikofaktoren, die mit einer fiktiven Anlage in den Basiswert verbunden sind.

Der Eintritt bestimmter Ereignisse im Hinblick auf den Basiswert kann den Indexwert beeinflussen

Die Kurse der Wertpapiere, die Bestandteile des Index sind, oder anderer Finanzinstrumente, die einen Basiswert beinhalten, können von zahlreichen Ereignissen nachteilig beeinflusst werden. Zum Beispiel können in dem Basiswert enthaltene Wertpapiere oder andere Finanzinstrumente von unternehmerischen Maßnahmen und anderen außerordentlichen Ereignissen betroffen sein, etwa einer Fusion, einem Übernahmeangebot, einer außerordentlichen Dividendenausschüttungen oder einer Verstaatlichung. Der Verwalter der Reserve-Indexbestandteile (der "Verwalter des Basiswerts") kann berechtigt sein, die Zusammensetzung des Basiswerts nach Maßgabe von dessen Regeln anzupassen. Ein solches Ereignis oder eine solche Maßnahme kann nachteilige Auswirkungen auf den Wert des Basiswerts und damit auf den Indexwert haben.

Markt- und sonstige Aktivitäten in Bezug auf den Basiswert können zu einem höheren Anlageniveau in den Basiswert führen

Der Verwalter des Basiswerts hat den Basiswert für Nutzung durch andere Marktteilnehmer, zur Veröffentlichung in Zeitungen und regelmäßig erscheinenden Publikationen, zur Verbreitung durch Informations- und Datenvertriebsdienste und zu zahlreichen anderen Zwecken lizenziert und kann dies auch weiterhin tun, wobei jede dieser Maßnahmen zu einer Erhöhung des Anlageniveaus in den Basiswert führen kann. Dies kann negative Auswirkungen auf den Wert des Basiswerts und damit auf den Indexwert haben.

Der Verwalter des Basiswerts kann verpflichtet sein, ein in einem Zugrundeliegenden Index enthaltenes Wertpapier zu ersetzen, wenn der bisherige Bestandteil entfernt wird

Der Basiswert enthält bestimmte Wertpapiere. Daten betreffend die enthaltenen Wertpapiere werden zur Berechnung des Basiswerts verwendet. Wenn ein enthaltenes Wertpapier gemäß den Regeln der Berechnungsmethode des Basiswerts entfernt werden musste, kann der Verwalter des Basiswerts ein vergleichbares Wertpapier auswählen, sofern vorhanden, das das enthaltene Wertpapier ersetzt. Dieser Austausch eines enthaltenen Wertpapiers kann negative Auswirkungen auf den Wert des Basiswerts und damit auf den Indexwert haben.

Die Richtlinien des Verwalters des Basiswerts und Änderungen, die den Zugrundeliegenden Index beeinflussen, können auch sein Niveau beeinflussen

Die Richtlinien des Verwalters des Basiswerts betreffend seine Berechnung können auch den Wert des Basiswerts beeinflussen. Der Wert des Basiswerts kann auch betroffen sein, wenn der Verwalter des Basiswerts diese Richtlinien ändert, etwa indem er die Berechnungsweise für den Basiswert wesentlich ändert oder den Basiswert kündigt oder eine Berechnung oder Veröffentlichung desselben unterlässt, was die Feststellung des Marktwerts eines mit dem Zugrundeliegenden Index verbundenen Finanzprodukts (einschließlich des Indexwerts) erschweren oder unmöglich machen kann. Wenn die den Basiswert betreffenden Richtlinien geändert werden oder die Berechnung oder Veröffentlichung desselben unterbrochen oder ausgesetzt wird, kann dies den Indexwert beeinträchtigen.

Der Verwalter des Basiswerts hat die Befugnis, Feststellungen zu treffen, die sich in verschiedener Weise erheblich auf die Wertentwicklung des Basiswerts auswirken können

Der Zugrundeliegende Index wurde vom Verwalter des Basiswerts entwickelt und wird derzeit von diesem gehalten, berechnet und verwaltet. Der Verwalter des Basiswerts ist für die Zusammensetzung, Berechnung und Fortführung des Zugrundeliegenden Index zuständig und hat diesbezüglich entscheidenden Einfluss. Die vom Verwalter des Basiswerts im Zusammenhang mit der Zusammensetzung, Berechnung und Fortführung des Zugrundeliegenden Index getroffenen Einschätzungen könnten sich auf den Wert des Basiswerts und damit auf den Indexwert auswirken. Der Verwalter des Basiswerts kann entscheiden, die Berechnung und Veröffentlichung des Zugrundeliegenden Index auszusetzen und ist nicht verpflichtet, die Interessen der Investoren in eines mittelbar oder unmittelbar mit der Wertentwicklung des Zugrundeliegenden Index verbundenen Produkts (einschließlich eines Indexprodukts) im Rahmen einer solchen Entscheidung aus irgendeinem Grund zu berücksichtigen.

Zwischen dem Verwalter des Basiswerts als Verwalter des Basiswerts und dem Indexverwalter besteht keinerlei gesellschaftsrechtliche Verbindung (affiliation) und der Indexverwalter ist nicht für Offenlegungen gegenüber dem Verwalter des Basiswerts verantwortlich

Weder der Indexverwalter noch die mit ihm verbundenen Unternehmen sind mit dem Verwalter des Basiswerts als Verwalter des Basiswerts verbunden. Weder der Indexverwalter noch die mit ihm verbundenen Unternehmen übernehmen irgendeine Verantwortung für die Richtigkeit und Vollständigkeit von Informationen über den Basiswert. Anleger in Indexprodukte sollten eigene Nachforschungen über den Basiswert anstellen.

Handels- und andere Transaktionen durch den Indexverwalter und die mit ihm verbundenen Unternehmen, die im Index oder den Indexbestandteilen enthalten sind, können den Indexwert beeinträchtigen

Der Indexverwalter und die mit ihm verbundenen Unternehmen können auch mit dem UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR), den Indexbestandteilen, Futures oder Optionskontrakten auf die Indexbestandteile und andere Anlageformen, die sich auf den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) oder die Indexbestandteile beziehen oder auf diesen basieren, und zwar auf regelmäßiger Basis als Teil ihrer allgemeinen Geschäftstätigkeit für eigene Konten oder fremde, verwaltete Konten handeln, um Transaktionen für Kunden zu ermöglichen oder Verpflichtungen aus den auf den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) oder seine Indexbestandteile bezogenen Produkten abzusichern. Auch wenn dies nicht beabsichtigt ist, kann jede dieser Aktivitäten den Wert der Indexbestandteile oder den Indexwert nachteilig beeinflussen. Es ist möglich, dass der Indexverwalter oder eines der mit ihm verbundenen Unternehmen erhebliche Erträge aus diesen Tätigkeiten erzielt, während der Wert der Indexbestandteile und der Indexwert sinken.

Der Indexverwalter oder die mit ihm verbundenen Unternehmen können auch Derivate begeben oder zeichnen, deren Erträge mit Änderungen der Wertentwicklung eines der vorstehenden Papiere verbunden oder darauf bezogen sein können.

Im Hinblick auf die vorstehend beschriebenen Tätigkeiten hat weder der Indexverwalter noch ein mit ihm verbundenes Unternehmen die Verpflichtung, zu irgendeinem Zeitpunkt die Auswirkungen dieser Tätigkeiten auf den Wert der Indexbestandteile oder den Indexwert zu berücksichtigen.

Beendigung oder Aussetzung des Index

Der Indexverwalter ist nicht verpflichtet, die Berechnung, Veröffentlichung und Verbreitung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) fortzuführen. Eine Beendigung oder vorübergehende Aussetzung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) kann jederzeit erfolgen. Sollte der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) aufhören zu bestehen, kann sich das negativ auf den Ertrag aus sämtlichen fiktiven Anlagen in den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) auswirken.

Änderung oder Anpassung des Index

Vorbehaltlich einer vorherigen Zustimmung des Indexeigentümers kann der Index vom Indexverwalter jederzeit geändert, modifiziert oder angepasst werden. Eine solche Änderung, Umgestaltung oder Anpassung kann nachteilige Auswirkungen auf den Indexwert haben. Der Indexverwalter hält sich an die Methoden zur Zusammenstellung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) und die Berechnung des Indexwerts, wie in den vorliegenden Indexunterlagen angegeben. Es ist jedoch nicht auszuschließen, dass das Marktumfeld, aufsichtsrechtliche, rechtliche, finanzielle oder steuerliche Gründe Änderungen dieser Methode erfordern. Der Indexverwalter kann, vorbehaltlich einer vorherigen Zustimmung des Indexeigentümers, auch Änderungen an den Bestimmungen dieser

Indexunterlagen und der Berechnungsmethode für den Indexwert vornehmen, die er für erforderlich oder wünschenswert hält, um einen offenkundigen Fehler oder nachweislichen Irrtum zu beseitigen oder falsche oder mehrdeutige Konditionen des Index zu verbessern, zu korrigieren oder zu ergänzen. Eine Mitteilung solcher Änderungen, Umgestaltungen oder Anpassungen erfolgt auf der Bloomberg-Seite, der Reuters-Seite oder der UBS-Webseite.

Ermessen des Indexverwalters

Der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) gewährt dem Indexverwalter einen Ermessensspielraum bei bestimmten, gegebenenfalls vorzunehmenden Feststellungen, Berechnungen und Korrekturen. Obwohl solche gegebenenfalls vorzunehmenden Feststellungen, Berechnungen und Korrekturen des Indexverwalters nach Treu und Glauben zu erfolgen haben, kann sich die Ausübung dieses Ermessensspielraums im Rahmen von Berechnungen, Feststellungen und Korrekturen nachteilig auf die Wertentwicklung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) auswirken. Solche Berechnungen, Feststellungen und Korrekturen des Indexverwalters sind, außer in Fällen eines offenkundigen Irrtums, endgültig, abschließend und verbindlich. Der Indexverwalter entscheidet darüber, ob solche Korrekturen rückwirkend oder mit Wirkung für die Zukunft gelten sollen.

Die Rolle der UBS AG als Indexverwalter und die Ausübung des vorstehend beschriebenen Ermessensspielraums könnten diese angesichts des Umstands, dass der Indexverwalter als Geschäftsbereich zur UBS AG gehört, die die Emittentin oder Gegenpartei der Wertpapiere oder Indexprodukte ist, vor erhebliche Interessenkonflikte stellen. Weder der Indexverwalter noch der Indexeigentümer ist verpflichtet, die Bedürfnisse der Anleger zu irgendeinem Zeitpunkt zu berücksichtigen.

Änderungen in der Person des Indexeigentümers und des Indexverwalters

Es liegt im Ermessen des Indexeigentümers, ohne Zustimmung der Anleger den Indexverwalter auszutauschen (der "**Nachfolge-Indexverwalter**") und auch einen Nachfolger im Amt des Indexeigentümers (der "**Nachfolge-Indexeigentümer**") zu bestellen – in einem solchen Fall sind Bezugnahmen auf den "Indexverwalter" bzw. den "Indexeigentümer" als Bezugnahmen auf den Nachfolge-Indexverwalter bzw. den Nachfolge-Indexeigentümer zu lesen.

Hypothetische Prognose

Da historische Daten über den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) nur in begrenztem Umfang existieren, sind fiktive Anlagen in den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) möglicherweise mit größerem Risiko verbunden als ein Engagement in Indizes oder Strategien mit nachgewiesener Erfolgsbilanz. Der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) wurde erstmalig am oder zum Starttermin des Index berechnet, so dass vor diesem Termin liegende historische Daten über die Wertentwicklung fehlen. Alle auf die Vergangenheit bezogenen Schlussstände des Index sind lediglich hypothetisch und basieren auf einer quantitativen Erhebung. Sie sind als hypothetisch anzusehen und dienen lediglich der Veranschaulichung.

Die tatsächliche Wertentwicklung des UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) kann erheblich von den Ergebnissen abweichen, die im Rahmen einer rückwärtsbezogenen Prognose für den Index vorgelegt wurden. Aus einer vergangenen Wertentwicklung lässt sich nicht zuverlässig auf eine künftige Wertentwicklung schließen.

Aktienmarktrisiken können sich auf den Indexwert auswirken

Da der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) Aktienwerte umfasst, wird damit gerechnet, dass der Indexwert entsprechend der Finanzlage der jeweiligen Emittentin der Bestandteile, dem Wert von Aktien im Allgemeinen und anderen Faktoren schwankt. Die Finanzlage der Emittentin der Aktienwerte oder die allgemeine Lage auf den Aktienmärkten kann sich verschlechtern, was jeweils zu einem Sinken des Indexwerts führen kann. Aktien reagieren empfindlich auf allgemeine Schwankungen des Aktienmarkts, spekulativen Handel durch Dritte und volatile Wertzunahmen oder Wertverluste, wenn das Vertrauen des Markts in das Wertpapier oder die Wertpapiere im UBS Merger & Acquisition - Europe Investable Index Total Return (EUR) und die Wahrnehmung solcher Wertpapiere sich verändert. Die Wahrnehmung der Emittentin eines Wertpapiers im UBS Merger & Acquisitions - Europe Investable Index Total Return (EUR) oder eines Indexbestandteils durch die Anleger hängt von einer Vielzahl schwer einschätzbarer Faktoren ab, beispielsweise davon, welche Erwartungen die Anleger in Bezug auf Regierungs-, Wirtschafts-, Geld- und Fiskalpolitik, Wachstum oder Schrumpfung der Wirtschaft und auf globale oder regionale politische Krisen oder Wirtschafts- oder Banken Krisen haben.

Möglicher Druck auf den Indexwert bei Änderung eines Indexbestandteils

Wenn bestimmte Ereignisse in Hinblick auf den Indexbestandteil eintreten, insbesondere wenn die Emittentin eines Indexbestandteils insolvent oder Gegenstand eines Angebots zur Übernahme, eines Tauschangebots oder sonstigen Angebots wird, mit der Folge, dass die betreffende Einheit, infolge eines Umtausches oder anderweitig, mehr als 10% und weniger als 100% der umlaufenden Stimmrechte kauft, anderweitig erwirbt oder ein Recht zum Erwerb dieser Stimmrechte erlangt oder wenn die Emittentin Partei eines Zusammenschlusses wird, jeweils gemäß Feststellung durch den Indexverwalter, oder wenn der Indexverwalter feststellt, dass ein Ereignis eingetreten ist, das Verwässerungs- oder Konzentrationsfolgen für die Aktien hat, während der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) berechnet wird (insbesondere bei Eintritt eines der folgenden Ereignisse, sofern diese eintreten, während der UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) berechnet wird: (i) eine weitere Aufteilung, Konsolidierung oder Umklassifizierung der Aktien, (ii) eine Ausschüttung oder Dividendenzahlung an die bestehenden Aktionäre, (iii) eine außerordentliche Dividende, (iv) ein Kaufangebot für Aktien, die nicht voll eingezahlt sind, (v) ein Rückkauf durch die Emittentin oder (vi) eine Teilung der Rechte aus den Aktien), steht es im Ermessen der Indexberechnungsstelle gewisse Festlegungen zu treffen, die diesen Ereignissen Rechnung tragen und insbesondere Anpassungen an den UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) vorzunehmen, wobei jede dieser Feststellungen nachteilige Auswirkungen auf den Indexwert haben kann.

- 3) In relation to the Base Prospectus dated 10 March 2014 for the Issuance of UBS Performance Securities in the section headed "H. Information about the Underlying" the following Underlying description shall be supplemented to the Base Prospectus:

"UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR)

INVESTORS ARE REFERRED TO THE IMPORTANT DISCLAIMERS AND RISK FACTORS IN THIS DESCRIPTION OF THE UBS MERGER & ACQUISITIONS – EUROPE INVESTABLE INDEX TOTAL RETURN (EUR) (the "Index Manual")

Section 1 - Introduction

The Index Manual sets out the rules and risk factors applicable to the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) (the "**Index**"), including the basis on which the Index Level will be calculated.

The Index is the intellectual property of UBS AG, acting through its London Branch (or any successor thereto) (in such capacity, the "**Index Owner**"). The Index Owner owns the copyright and all other intellectual property rights in the Index and the Index Manual. Any use of these intellectual property rights must be with the prior written consent of the Index Owner.

The Index will be governed by UBS AG, acting through its London Branch (or its successor) (in such capacity, the "**Index Administrator**") via its internal processes. The Index Administrator controls the creation and operation of the Index administrative process, including all stages and processes involved in the production and dissemination of the Index. Notwithstanding that the Index relies on information from third party sources, the Index Administrator has primary responsibility for all aspects of the Index administration and determination process.

The Index Administrator has implemented and maintains a control framework for the process of determining and distributing a number of indices in respect of which UBS acts as the Index Administrator, including the Index.

The information in the Index Manual reflects the policies of, and is subject to change by, the Index Administrator. The Index Administrator makes certain determinations and calculations in respect of the Index and publishes the Index Level as further described in the Index Manual. The Index Owner does not have any obligation to ensure that the Index Administrator continues to publish the Index Level and the Index Administrator may discontinue publication of the Index Level upon giving at least 10 Index Administrator Business Days' notice on the Bloomberg Page and/or the Reuters Page (as referred to below) and/or on the UBS Website. Details of any adjustments made to the Index shall be made available by the Index Administrator on application to the Index Administrator's principal office at UBS, 1 Finsbury Avenue, London, EC2M 2PP. The Index Administrator will make available the Index Level in respect of each Index Business Day. The Index level is published on Bloomberg under the code "**UBCIMAE Index**" (the "**Bloomberg Page**") on Reuters under the code "**UBCIMAE=UBSL**" (the "**Reuters Page**") and/or on the UBS Website. The Index Level in respect of any Index Business Day will be published on the immediately following London Business Day.

To the extent data used to determine the Index Level is not sourced from a regulated market or exchange with mandatory post-trade transparency requirements, the Index Administrator will publish with each publication of the Index Level an explanation of: (i) how such Index Level was determined (including the size and liquidity of the market being assessed (meaning the number and volume of transactions observed for the purposes determining the Index Level), the range and average volume and range and average price, and indicative percentages of each type of market data that has been considered in the determination of the Index Level); and (ii) the extent to which, and the basis upon which, the exercise of discretion (including extrapolating values from prior or related transactions, adjusting values for factors that might influence the quality of data such as market events or impairment of a buyer or seller's credit quality, or weighting firm bids or offers greater than a particular concluded transaction) if any, was used in determining the Index Level.

Historical records relating to the composition and past performance of the Index is available on the Bloomberg Page and/or on the Reuters Page and/or on the UBS Website.

The Index Administrator may, upon giving at least 10 Index Administrator Business Days' notice on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website, change the place and time of the publication of the Index Level and the frequency of publication of the Index Level.

Neither the Index Owner nor the Index Administrator accepts any legal liability to any person for publishing or not continuing to publish for any period of time any Index Level at any particular place or any particular time.

Before making any investment decisions, investors should carefully read the Index Manual, *including Section 2 – Overview of the Index, Section 3 – Risk Factors, Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events and Section 8 – Disclaimer, Licensing and Trademark.*

All determinations and calculations made by the Index Administrator will (in the absence of manifest error) be final, conclusive and binding. The Index Administrator shall have no responsibility to any person for any good faith errors or omissions in any determination or calculation.

The Index relies on information from third party sources. Neither the Index Owner nor the Index Administrator makes any representation or warranty, express or implied, as to the correctness of that information and neither the Index Owner nor the Index Administrator takes any responsibility for the accuracy of such data or the impact of any inaccuracy of such data on the Index. Even if any error or discrepancy on the part of any data source is corrected or revised, neither the Index Owner nor the Index Administrator is under any obligation to, and neither the Index Owner nor the Index Administrator currently intends to, reflect any such correction or revisions into the calculation of the Index Level.

Capitalised terms used in the Index Manual have the meanings given to them in *Section 9 – Definitions.*

No legal relationship (whether in contract, tort, or otherwise) exists between any Index Product Investor and the Index Administrator or the Index Owner and neither the Index Administrator nor the Index Owner owes any duties (whether in contract, tort, or otherwise) to any Index Product Investor.

The information contained in the Index Manual is a summary of the methodology and material rules and risks relating to the Index. This information is subject to change. Neither the Index Owner nor the Index Administrator makes any representation or warranty that the Index will achieve its stated objectives.

Section 2 - Overview of the Index

The Index is a total return index and is denominated in Euros (“EUR”).

Objective of the Index: The objective of the Index is to track the total return on a notional investment in a portfolio of stocks (each, an “**Index Component**”) selected from a list of companies under UBS’s European coverage with M&A risk irrespective of UBS rating, and is maintained by the UBS European Product Management team, which is part of UBS Global Research (the “**Watch List**”).

Index Methodology:

Determination of Index Components:

If any change occurs in the Watch List at or before the Valuation Time on any Index Business Day (each, an “**Announcement Date**”), then at the Valuation Time on the same Index Business Day (a “**Determination Date**”) the Index Administrator will select the Index Components for the Index in accordance with the following procedure.

- *Universe of eligible stocks:* The Index Administrator will first determine the universe of eligible stocks (being the stocks from which the Index Components will be selected). The universe of eligible stocks will comprise all the stocks listed in the most recently published Watch List, as available on request from the Index Administrator.
- *Investability criteria filter:* From such stocks, the Index Administrator will exclude any stock that the Index Administrator determines in good faith that it cannot adequately trade as a result of, among other things, market, regulatory or legal reasons.
- *Stock selection:* The Index Administrator will then select the eligible stocks remaining after the investability criteria filter described above has been as the new Index Components (the “**New Index Components**”) for the forthcoming period.
- *Weighting:* Each New Index Component will initially be assigned an equal weight in the Index, subject to a cap of 5% (the “**Weight Cap**”). The liquidity (as defined) of a New Index Component will then be determined and divided by EUR 10 million to produce the liquidity ratio (“**Liquidity Ratio**”) for such New Index Component. If the Liquidity Ratio is less than 1.00, the weight attributed to such New Index Component will be equal to the product of (a) the initial weight and (b) the Liquidity Ratio, with the remaining New Index Components it shall remain at its initial weight.

If the aggregate weight of the New Index Components is less than 100%, the difference between the aggregate weight and 100% will be attributed equally to each New Index Component with a ratio of more than 1.00.

If the aggregate weight of the New Index Components is less than 100, difference between the total weight and 100% will be attributed to the MSCI Daily TR Net Europe Euro Index.

Rebalancing:

The New Index Components will become Index Components comprising the Index on the first Index Business Day immediately following each Determination Date (each a “**Rebalancing Date**”), and the quantity of each New Index Component comprising the Index shall be determined by multiplying (i) the Index Level for the Rebalancing Date determined on the basis of the old composition of the Index by (ii) the weight of each New Index Component (as determined above) and dividing it by the volume-weighted average price of the New Index Component (with such price converted in EUR if the price is not quoted in EUR). On the Rebalancing Date the Index Level will be determined on the basis of the new composition of the Index.

Determination of Index Level:

On each Index Business Day the level of the Index (the “**Index Level**”) shall equal the sum of the value of the Index Components plus an amount representing dividends notionally receivable in respect of the Index Components (as described below). The Index is denominated in Euros. Prices of Index Components not denominated in Euros are converted using the foreign exchange rate quoted by WM/Reuters at 4.00 p.m. London time (the “**FX Price Source**”).

The Index employs a total return calculation that adds the income that an Index Component's dividend provides to the performance of the Index. Any dividends so included in the calculation of the Index Level shall be retained as non-interest bearing cash and their value will be used as part of the Index Level to determine on the following Rebalancing Date the quantity of the New Index Components to be included in the Index (i.e. the dividends are "re-invested" into the Index).

Determination of the Index Level: The Index Level is calculated by the Index Administrator at the Valuation Time and is based on the published official closing price of each Index Component on each Index Business Day. The Index Level is published on Bloomberg and/or Reuters and/or on the UBS Website on the London Business Day following each Index Business Day. The Index Level will be first published in respect of 13 December 2010 (the "**Index Commencement Date**"). On any day where the Index Level is not calculated (for example, on a Disrupted Day), no Index Level will be published in respect of such day, subject to the provisions set out below.

The initial level of the Index was 76.83 (the "**Index Base Level**") on 18 December 2009 (the "**Index Base Date**").

This *Section 2 – Overview of the Index* - only provides a summary of the Index and is subject to, and qualified by, the remainder of the Index Manual. Prospective Index Product Investors should therefore carefully read the whole of the Index Manual.

Prospective Index Product Investors should also note that any purposes, aims and intentions expressed in the Index Manual may not be achieved.

Section 3 - Risk Factors

The Index Manual is not, nor does it purport to be, investment advice. Neither the Index Owner nor the Index Administrator is acting as an investment adviser or providing advice of any nature and does not assume any fiduciary obligation to any investors buying, selling, entering into or holding products linked to the Index (such products, the "**Index Products**" and such investors, the "**Index Product Investors**"). Investors should carefully consider whether the Index Products are suited to his particular circumstances and, if there is in any doubt, seek independent financial advice.

Risk factors in relation to a direct notional investment in the Index are set out below.

The Index Manual does not describe all of the risks associated with a direct notional investment in the Index. It describes only those risks that the Index Administrator considers to be material. There may be additional risks that the Index Administrator currently considers not to be material or of which it is not currently aware. Prospective Index Product Investors should seek independent financial advice where they do not fully understand the risks related to the Index Administrator, the Index Components or the Index itself. In addition, each of the risks highlighted below could adversely affect the market value of the Index Product or the rights of Index Product Investors and, as a result, Index Product Investors could lose some or all of their investment. Risk factors in relation to an Index Product may be set out in the relevant documents in relation to such Index Product.

1. Index Products may not be a suitable investment for all investors

Each prospective Index Product Investor must determine the suitability of that investment in light of its own circumstances. In particular, each prospective Index Product Investor should: (a) have sufficient knowledge and experience to evaluate the Index Products, the merits and risks of investing in the Index Products and the information contained in the product documentation; (b) have knowledge of, in the context of its particular financial situation, an investment in the relevant product and the impact the Index Products will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Index Products, including where the settlement currency is different from the prospective Index Product Investor's currency or may be payable in one or more currencies; (d) understand thoroughly the terms of the Index Products and be familiar with any relevant assets, indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2. Rules-based Index

The Index operates on the basis of pre-determined rules. No assurance can be given that the algorithm on which the Index is based will be successful or that the Index will outperform any alternative algorithm that could have been employed.

3. Index Product Investors could lose their entire investment

The Index Level depends on the performance of the Index Components, each of which may increase or decrease in value. Neither the Index nor any of the Index Components includes any element of capital protection or guaranteed return. The value of any Index Component, or the Index itself, may fall below its initial value.

4. Market risks may affect the Index Level

Economic, financial, political, regulatory, geographical, judicial or other events which affect the investment climate and economic sentiment may affect the value of the Index Components and, therefore, the Index Level.

5. The Index is not actively managed

The Index operates in accordance with a pre-determined methodology and formulae as further described herein, and the Index Administrator exercises discretion only in limited situations as described in *Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events*. The Index is, therefore, not actively managed. There will be no active management of the Index so as to enhance returns beyond those embedded in the Index. Market participants are often able to adjust their investments promptly in view of market, political, financial or other factors, and an actively managed product could potentially respond more directly and appropriately to immediate market, political, financial or other factors than a non-actively managed index. In contrast, the pre-determined methodology and formulae in respect of the Index will rebalance the weights or quantity assigned to each Index Component to its specified value only on each Rebalancing Date.

Neither the Index Owner nor the Index Administrator is acting as an investment adviser or performing a discretionary management role with respect to the Index and, as a result, has any fiduciary duty to any person in respect of the Index.

6. Influence of Currency Exchange Rates

Index Components may be denominated in currencies different from the Index Currency, and the Index is not currency-hedged. An unfavourable performance of such currencies in relation to the Index Currency may have an adverse effect on the Index Level at any given time.

7. No rights in any Index Component

The Index is purely synthetic. The exposure to each Index Component is purely notional and will exist only in the records held by the Index Administrator. A notional investment in the Index will not make an Index Product Investor the owner of, or as the case may be, a party to, any Index Component comprising the Index. Index Product Investors will not have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to any Index Component comprised or included in the Index.

8. The Index relies on the use of third-party information about Index Components

All information in the Index Manual about any Index Component has been derived from publicly available documents. UBS has not participated and will not participate in the preparation of any of those documents. Nor has UBS made or will UBS make any "due diligence" investigation or any inquiry with respect to the sponsor or issuer of any Index Component in connection with the maintenance of the Index. UBS does not make any representation or warranty that any such publicly available document or any other relevant publicly available information is accurate or complete. Furthermore, UBS does not know whether all events occurring before the date of the Index Manual, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the level, value or price of any Index Component, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning any Index Component could affect the Index Level.

9. The Index Administrator may rely upon third party and other external and internal data sources which may be inaccessible and/or inaccurate, and the inputs used by the Index Administrator to run the Index calculations may affect the Index Level

The Index Administrator may rely upon third party brokers or external dealers and other external and internal sources to obtain certain inputs necessary to compute the Index Level. The inability of the Index Administrator to source necessary data to calculate the relevant formulae of the Index may affect the Index Level. In addition, the Index Administrator makes no warranty as to the correctness or completeness of that information and takes no responsibility for the accuracy of such data or the impact of any inaccuracy of such data on the Index Level.

10. The policies of the Index Administrator and changes that affect the composition and the Index Components could affect the Index Level

The policies of the Index Administrator concerning the calculation of the Index Level and the values of the Index Components could affect the Index Level.

The Index Administrator may, subject to the Index Administrator obtaining the prior consent of the Index Owner, modify the methodology for calculating the Index Level and the values of the Index Components. In addition, as described herein, under a number of circumstances the Index Administrator may make certain changes to the way in which the Index Level or the value of any of the Index Components is calculated. The Index Administrator may also discontinue or suspend calculation or publication of the Index, in which case it may become difficult to determine the Index Level. Notice of such amendments shall be provided in advance on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website.

11. The historical or hypothetical performance of the Index or any Index Component is not an indication of future performance

The historical or hypothetical performance of the Index or any Index Component should not be taken as an indication of the future performance of the Index or any Index Component. It is impossible to predict whether the future level, value or price of the Index or any Index Component will fall or rise. Past fluctuations and trends in the Index or any Index Component are not necessarily indicative of fluctuations or trends that may occur in the future.

12. The level of the Reserve Index Component may affect the Index Level at any time.

The Reserve Index Component is an index (an “**Underlying Index**”). The level of the Underlying Index may affect the Index Level at any time. Index Product Investors should carefully read and consider the publicly available index description or manual containing information about such Underlying Index, including the risk factors associated with a notional investment in such Underlying Index.

13. The occurrence of certain events with respect to the Underlying Index may affect the Index Level

The prices of component securities or other financial instruments comprising an Underlying Index may be adversely impacted by a wide range of events. For example, component securities or other financial instruments comprised in an Underlying Index may be subject to corporate actions and other extraordinary events, such as mergers, tender offers, extraordinary dividends and nationalisations. The administrator of the Reserve Index Component (the “**Underlying Index Administrator**”) may be entitled to adjust the composition of the Underlying Index pursuant to the rules of the Underlying Index. Any such events or actions may affect or have an adverse effect on the level of such Underlying Index and in turn on the Index Level.

14. Market and other activities in respect of the Underlying Index may contribute to an increased level of investment in the Underlying Index

The Underlying Index Administrator has licensed, and may continue to license, the Underlying Index for use by other market participants, for publication in newspapers and periodicals, for distribution by information and data dissemination services and for various other purposes, any of which may contribute to an increased level of investment in the Underlying Index. This may have an adverse impact on the level of the Underlying Index and consequently the Index Level.

15. The Underlying Index Administrator may be required to replace a component security comprised in an Underlying Index if the existing component security is removed

The Underlying Index comprises component securities. Data concerning the component securities will be used to calculate the Underlying Index. If any component security was to be removed in accordance with the rules of the index methodology of the Underlying Index, a comparable security may be selected by the Underlying Index Administrator, if available, to replace that component security. The replacement of any component security may have an adverse impact on the level of the Underlying Index and consequently, the Index Level.

16. The policies of the Underlying Index Administrator and changes that affect the Underlying Index could affect the level of the Underlying Index

The policies of the Underlying Index Administrator concerning its calculation could affect the level of the Underlying Index. The level of the Underlying Index could also be affected if the Underlying Index Administrator changes these policies, for example, by materially changing the manner in which it calculates the Underlying Index, or if it cancels or fails to calculate or publish the Underlying Index, in which case it may become difficult or inappropriate to determine the market value of any financial products linked to the Underlying Index (including the Index Level). If any such policies relating to the Underlying Index are changed, or the calculation or publication of the Underlying Index is discontinued or suspended, this could affect the Index Level.

17. The Underlying Index Administrator will have the authority to make determinations that could materially affect the performance of the Underlying Index in various ways

The Underlying Index was developed, and is currently owned, calculated and maintained, by the Underlying Index Administrator. The Underlying Index Administrator is responsible for the composition, calculation and maintenance of the Underlying Index and has determinative influence over its composition, calculation and maintenance. The judgements that the Underlying Index Administrator makes in connection with the composition, calculation and maintenance of the Underlying Index, could affect the level of the Underlying Index and therefore the Index Level. The Underlying Index Administrator may decide to discontinue calculating and publishing the Underlying Index and has no obligation to take the interests of holders of any product directly or indirectly linked to the performance of the Underlying Index (including any Index Product) into consideration for any reason in making such determination.

18. There is no affiliation between the Underlying Index Administrator as administrator of the Underlying Index and the Index Administrator and the Index Administrator is not responsible for any disclosure by the Underlying Index Administrator

Neither the Index Administrator nor any of its affiliates is affiliated with the Underlying Index Administrator as administrator of the Underlying Index. Neither the Index Administrator nor any of its affiliates assume any responsibility for the accuracy or the completeness of any information about the Underlying Index. Index Product Investors should make their own investigation into the Underlying Index.

19. Trading and other transactions by the Index Administrator and its affiliates in the Index or the Index Components may affect the Index Level

The Index Administrator and its affiliates may also engage in trading in the Index, the Index Components, futures or options on the Index Components and other investments relating to or based on the Index or the Index Components on a regular basis as part of its general business, for proprietary accounts, for other accounts under management, to facilitate transactions for customers or to hedge obligations under products linked to the Index or Index Components. Although they are not intended to, any of these activities could adversely affect the value of the Index Components or the Index Level. It is possible that one or more of the Index Administrator and its affiliates could receive substantial returns from these activities while the value of the Index Components and the Index Level decline.

The Index Administrator or its affiliates may also issue or underwrite securities or financial or derivative instruments with returns linked or related to changes in the performance of any of the foregoing.

With respect to any of the activities described above, neither the Index Administrator nor its affiliates has any obligation to take into consideration at any time the impact of such activities on the value of the Index Components or the Index Level.

20. Termination or Suspension of the Index

The Index Administrator is under no obligation to continue the calculation, publication and dissemination of the Index. The Index may be terminated or temporarily suspended at any time. Should the Index cease to exist, this may have a negative impact on the return on any notional investment in the Index.

21. Amendment or Modification to the Index

The Index may be amended, modified or adjusted from time to time by the Index Administrator, subject to the Index Administrator obtaining the prior consent of the Index Owner. Any such amendment, modification or adjustment may have an adverse effect on the Index Level. The Index Administrator will apply the method described in the Index Manual for the composition of the Index and calculation of the Index Level. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Administrator may, subject to the Index Administrator obtaining the prior consent of the Index Owner, also make changes to the provisions of the Index Manual and the method applied to calculate the Index Level, which it deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect or ambiguous provisions. Notice of such amendments, modifications or adjustments shall be provided on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website.

22. Index Administrator Discretion

The Index confers discretion on the Index Administrator in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the Index Administrator in good faith, the exercise of such discretion in the making of any calculations, determinations and corrections may adversely affect the performance of the Index. Any such determination, calculation or correction by the Index Administrator will be, in the absence of manifest error, final, conclusive and binding. The Index Administrator will determine whether any such correction shall apply retrospectively or from the relevant date forward.

The role played by UBS AG, as Index Administrator and the exercise of the kinds of discretion described above could present it with significant conflicts of interest in light of the fact that UBS AG, of which the Index Administrator is a division, is the issuer or counterparty of Index Products. Neither the Index Administrator nor the Index Owner has any obligation to take into consideration the needs of any Index Product Investor at any time.

23. Change of Index Owner and Index Administrator

The Index Owner may without the consent of Index Product Investors replace the Index Administrator (the "**Successor Index Administrator**") at its discretion, and furthermore, may also designate a successor Index Owner (the "**Successor Index Owner**") at its discretion – in the event of such replacement, any reference to the "Index Administrator" and/or the "Index Owner" shall be construed as a reference to the Successor Index Administrator and the Successor Index Owner, respectively.

24. Simulated history

As limited historical performance data exist with respect to the Index, any notional investment in the Index may involve greater risk than a notional investment in indices or strategies with a proven track record. The Index was first calculated on or around the Index Commencement Date and, therefore, lacks historical performance prior to such date. All such retrospective closing levels are simulated based on quantitative screening only. They must be considered hypothetical and illustrative only.

The actual performance of the Index may be materially different from the results presented in any simulated history relating to the Index. Past performance should not be considered indicative of future performance.

25. Equity market risks may affect the Index Level.

Because the Index includes equity securities, it is expected that the Index Level will fluctuate in accordance with changes in the financial condition of the relevant issuer(s) of its component stocks, the value of common stocks generally and other factors. The financial condition of the issuer(s) of the equity securities may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the Index Level. Common stocks are susceptible to general equity market fluctuations, to speculative trading by third parties and to volatile increases and decreases in value as market confidence in and perceptions regarding the

security or securities comprising the Index change. Investor perceptions regarding the issuer of an equity security comprising the Index or an Index Component are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises.

26. Changes to an Index Component may affect the Index Level.

Where certain events in respect of any Index Component occur, including but not limited to any Index Component's issuer becomes insolvent or bankrupt, is the target of a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity that results in such entity or person purchasing, or otherwise obtaining, or having the right to obtain, by conversion or other means, greater than ten per cent (10%) or not less than one hundred per cent (100%) of its outstanding voting shares or is subject to a merger, in each case as determined by the Index Administrator, or the Index Administrator determines that an event has occurred that has a dilutive or concentrative effect on the value of the shares of equity securities occurs while the Index is being calculated (including, the occurrence of any of the following, in each case, if such event occurs while the Index is being calculated: (i) a sub-division, consolidation or reclassification of the shares of equity securities, (ii) a distribution or dividend to existing holders of shares, (iii) an extraordinary dividend, (iv) a call in respect of shares of equity securities that are not fully paid, (v) a repurchase by the issuer of shares of equity securities, or (vi) a separation of rights from shares of equity securities), then the Index Calculation Agent may have discretion to make certain determinations to account for such event, including to make adjustments to the Index, any of which determinations may have an adverse effect on the Index Level.

Section 4 - Calculation of the Index and Rebalancing

1. Base Date and Level

Index Base Date	Index Currency	Index Base Level
18 December 2009	EUR	76.83

For the purposes of the Index Manual, the following definitions shall apply:

"Previous Index Component" means each of the eligible stocks comprising the Index immediately preceding the Rebalancing Date.

"New Index Component" means each of the eligible stocks (determined in accordance with *"Section 3 - Index Determination and Rebalancing"* below) that will replace the Previous Index Components comprising the Index and will constitute the Index immediately following the Rebalancing Date.

2. Index Equations

The Index shall consist of a basket of eligible stocks (each an **"Index Component"**), and shall be reconstituted following a change in the Watch List in accordance with *"Section 3 - Index Determination and Rebalancing"* below.

The level of the Index (**"Index Level"**) will be determined in accordance with the following formula at the Valuation Time on each Index Business Day t :

$$\text{Index}_t = \sum_{u=1}^{M_t} N_t^u \times UP_t^u + \text{SumDiv}_t$$

Where:

"Index_t" is the Index Level determined at the Valuation Time on Index Business Day t ;

"M_t" is the Number of Index Components comprising the Index at the Valuation Time on Index Business Day t ;

“ UP_t^u ” means the Index Component Price for Index Component u determined at the Valuation Time on Index Business Day t determined in the Index Currency or converted into the Index Currency with reference to the FX Price Source;

“ N_t^u ” is the Quantity of each Index Component u comprising the Index, and determined in accordance with the following formula at the Valuation Time on each Index Business Day t:

$$N_t^u = N_{t-1}^u$$

“ $SumDiv_t$ ” means the sum of all dividends, from and including the Index Business Day immediately following the preceding Rebalancing Date (Index Business Day q), to and including such Index Business Day t, and shall be determined in accordance with the following formula:

$$SumDiv_t = \sum_{j=q}^t DailyDiv_j$$

“ $DailyDiv_j$ ” means the sum of any Dividend Amounts, net of any taxes deductible, notionally receivable in respect of the ex-dividend date that falls on any calendar day from and excluding Index Business Day j-1 to and including Index Business Day j for each Index Component (where the ex-dividend date is defined as the first date on which the Index Component trades without the entitlement to the latest declared dividend) and determined pursuant to the following formula:

$$DailyDiv_j = \sum_{u=1}^{M_j} N_{j-1}^u \times (1 - WHT_j^u) \times Div_j$$

“ Div_j^u ” is the relevant “**Dividend Amount**” and means the company declared dividend receivable in respect of Index Component u on Index Business Day j, determined in the Index Currency with reference to the FX Price Source; and

“ WHT_j^u ” is the relevant percentage “**Withholding Tax Rate**” in respect of Index Component u on Index Business Day j, determined using the MSCI Index Calculation Methodology, as updated from time to time, and can be found on the internet site <http://www.msclub.com>.

On the Rebalancing Date 22 June 2011, immediately preceding the publication of the Index Manual, the Index is comprised of the following Index Components:

Index Component, u	Bloomberg Ticker	Exchange	Weight, uw^u	Quantity of Index Component, N^u
Actelion	ATLN VX	SIX Swiss Ex	3.5%	0.103991138722874
Aegis	AGS LN	London	1.5%	0.842338465890296
Alpha Bank	ALPHA GA	Athens	1.3%	0.355897181924948
Anglo American	AAL LN	London	3.7%	0.107878300958151
Autonomy	AU/ LN	London	3.4%	0.183301179639930
Aveva	AVV LN	London	0.5%	0.025780925916828
Banif SGPS	BNF PL	Euronext Lisbon	0.0%	0.054981403824738
Beiersdorf	BEI GY	Xetra	3.6%	0.078917135156383
Burberry	BRBY LN	London	3.6%	0.227170870472789
Bureau Veritas	BVI FP	Euronext Paris	3.6%	0.061470228803134
Carphone Warehouse	CPW LN	London	0.3%	0.065424627569374
C&C	GCC ID	Dublin	0.7%	0.190303632963390
Cermaq	CEQ NO	Oslo	0.6%	0.048827029258227
Croda	CRDA LN	London	1.4%	0.064546833350001
Delhaize	DELB BB	Euronext Brussels	3.5%	0.065931932964908
Elan	ELN ID	Dublin	0.7%	0.084616092710976
Gamesa	GAM SM	Continuous	3.5%	0.641292617450290
GEA Group	G1A GY	Xetra	3.6%	0.148890225807619
Go-Ahead Group	GOG LN	London	0.3%	0.018679034547623
Informa	INF LN	London	1.0%	0.219388093776499
Intercell	ICLL AV	Vienna	0.2%	0.067601902538943
Intertek	ITRK LN	London	1.7%	0.073739799790181
Invensys	ISYS LN	London	3.5%	0.990800392074779

JMAT	JMAT LN	London	3.5%	0.160270399023898
Klockner	KCO GY	Xetra	3.6%	0.176605521589209
Legrand	LR FP	Euronext Paris	3.6%	0.125410601961757
MAN	MAN GY	Xetra	3.6%	0.037411147864154
Meggitt	MGGT LN	London	1.8%	0.416729033927967
Misys	MSY LN	London	1.7%	0.363535552568990
National Express	NEX LN	London	0.7%	0.229794441349759
Nobel Biocare	NOBN VX	SIX Swiss Ex	3.6%	0.251278393190409
Premier Oil	PMO LN	London	1.7%	0.339743136410415
Pronova Biopharma	PRON NO	Oslo	0.1%	0.051134238741526
Remy Cointreau	RCO FP	Euronext Paris	0.7%	0.012453261804544
Renishaw	RSW LN	London	0.3%	0.017140241461675
Sainsbury	SBRY LN	London	3.6%	0.968650201524255
Scania	SCVB SS	Stockholm	3.7%	0.235537978782815
Sonaecom	SNC PL	Euronext Lisbon	0.2%	0.103343988323419
SThree	STHR LN	London	0.1%	0.029076180044476
Symrise	SY1 GY	Xetra	3.6%	0.162868390861058
TalkTalk	TALK LN	London	0.5%	0.295918057545491
Telecity	TCY LN	London	0.5%	0.077788546981432
Temenos	TEMN SW	SIX Swiss Ex	1.8%	0.087604581969633
Tieto	TIE1V FH	Helsinki	0.5%	0.044196143426600
Ultra	ULE LN	London	0.3%	0.017641443051391
Virgin Media	VMED US	NASDAQ GS	3.7%	0.164094061239961
Wolters Kluwer	WKL NA	Euronext Amsterdam	3.5%	0.235951426454069
Zumtobel	ZAG AV	Vienna	0.2%	0.013192141321306
EDP	EDP PL	Euronext Lisbon	3.6%	1.445261913919080
PNL NA	PNL NA	Euronext Amsterdam	3.5%	0.597316958713131

3. Index Determination and Rebalancing

The Index shall be rebalanced if any change occurs in the Watch List (see “Section 2 – Overview of the Index”). If such change occurs at or before the Valuation Time on any Index Business Day t (each an “**Announcement Date**”), then on the same Index Business Day t (each a “**Determination Date**”), the identity and weight of each New Index Component selected for inclusion in the Index shall be determined. On the day that falls one Index Business Days immediately following each Determination Date (each a “**Rebalancing Date**”), such selection of New Index Components shall be effected to determine the Quantity of each such Index Component comprising the Index.

At the Valuation Time on each Determination Date d (immediately before each Rebalancing Date r), the Index Components shall be selected in accordance with the following procedure:

- As detailed in “Paragraph 4 - Universe Selection Criteria”, a list of eligible stocks shall be determined.
- The Index Administrator shall then discard any stocks in accordance with the Investability Criteria (see “Paragraph 5 - Investability Criteria” below).
- The list of remaining eligible stocks shall be selected as New Index Components, and attributed a weight (“**Index Component Weight**”) in accordance with “Paragraph 6 – Weight Calculation”.
- The New Index Components will be effected as Index Components on the immediately following Rebalancing Date.

On each Rebalancing Date r , immediately following a Determination Date d :

- a “**Rebalance Index Value**” shall be determined based on the “Volume-weighted average price” (“**VWAP**”, as determined below) in respect of each Previous Index Component as follows:

$$RIV_t = \sum_{u=1}^{M_t} (N_{t-1}^u \times VWAP_t^u) + \text{SumDiv}_t; \text{ and}$$

- The quantity of each New Index Component shall be determined based on the VWAP of each New Index Component, and shall equal:

$$N_t^u = \frac{RIV_t \times uw_d^u}{VWAP_t^u},$$

where:

“**VWAP_t^u**” means, in respect of Index Component u on Index Business Day t, the volume-weighted average price, calculated as the ratio of the value traded to the total volume traded over the relevant day, as determined using Bloomberg (converted into the Index Currency with reference to the FX Price Source). The price for the Reserve Index Component will be defined as the official closing price, as determined using Bloomberg; and

“**uw_d^u**” means, in respect of Index Component u, the Index Component Weight determined on the immediately preceding Determination Date d.

4. Universe Selection Criteria

In respect of any Determination Date, the universe of eligible stocks shall comprise all stocks listed in the Watch List, as available on request from the Index Administrator.

5. Investability Criteria

In relation to any proposed eligible stock, a proposed eligible stock shall be excluded where the Index Administrator determines in good faith that it cannot adequately trade such stock as a result of, among other things, market, regulatory or legal reasons.

6. Weight Calculation

The Index Component Weight, $uw_{d,u}$, shall be determined in accordance with the following method:

- 1) Each New Index Component shall initially be attributed an equal-weight, subject to a cap equal to the “**Weight Cap**”.
- 2) A “**Liquidity Ratio**” shall be determined in respect of each New Index Component, and shall equal the “**Liquidity**” (as defined below) of such New Index Component divided by EUR 10 million.
- 3) If in respect of any New Index Component the Liquidity Ratio value is less than 1.00, the “**Index Component Weight**” attributed to such New Index Component will be equal to the product of (a) the initial weight determined at step (1), and (b) the Liquidity Ratio, and in respect of the remaining New Index Components, the Index Component Weight shall be equal to the initial weight determined in (1).
- 4) If the sum of the Index Component Weights for each New Index Component is less than 100%, the remaining weight shall be attributed equally to each New Index Component that has a Liquidity Ratio greater than or equal to 1.00, subject to the Weight Cap.
- 5) If the sum of the Index Component Weights for each New Index Component is less than 100%, then the remaining weight shall be attributed to the “**Reserve Index Component**”.

Liquidity: In respect of each New Index Component, the Liquidity shall be equal to the product of:

- (a) the number of shares traded on average over the 60 Index Business Days prior to and including the relevant Determination Date; and
- (b) the official closing stock price (converted into the Index Currency with reference to FX Price Source) determined on such Determination Date.

Weight Cap: 5.00%

Reserve Index Component: MSCI Daily TR Net Europe Euro, Bloomberg code MSDEE15N

By means of an example, if the Index were to comprise 25 New Index Component:

- in step (1), the initially attributed weight per New Index Component would equal 4% (= Min 5%, 1/25);
- in step (2), if one New Index Component had a Liquidity of EUR 5 million, its Liquidity Ratio would equal 0.50 (= EUR 5 million / EUR 10 million), and let us assume that the remaining New Index Components have a Liquidity Ratio above 1.00;
- in step (3), for the New Index Component with a Liquidity Ratio equal to 0.50, the weight would be reduced to 2.00% (= 4.00% x 0.50);
- in step (4), we have attributed 2.00% to one New Index Component and 4.00% to the remaining 24 New Index Components, in total 98.00% is attributed. The remaining 2.00% is attributed equally to

the other 24 New Index Components, that is an extra 0.0833% (= 2.00%/24), and in total 4.0833% (= 4.00% + 0.0833%) for each New Index Component with a Liquidity Ratio greater than, or equal to 1.00;

- in step (5), we have attributed 2.00% to one New Index Component and 4.0833% to the remaining 24 New Index Components, in total 100.00% is attributed. Hence no weight shall be attributed to the Reserve Index Component.

7. Rounding of Calculated Values

The Index Level shall be rounded to two decimal places. All other determinations shall not be rounded.

Exercise of expert judgment

If the Index Administrator is required or entitled to make a determination in relation to the Index pursuant to the Index methodology and that determination involves the exercise of discretion with respect to the use of data in determining the Index Level, then the Index Administrator will exercise that discretion (i) in good faith and in a commercially reasonable manner and (ii) in such manner as to ensure, as far as commercially reasonable, consistency in the approach it adopts with regard to the exercise of such discretion between Index Level determinations, including having regard to previous occasions on which the Index Administrator has exercised that discretion in relation to the Index.

If the Index Administrator requires data (including prices, estimates, values or rates) from a third party or its front office division (each, a "**Data Submitter**") to determine the Index Level and the Data Submitter has discretion as to the data to be provided, then the Index Administrator will provide the Data Submitter with prescribed criteria to be followed by such Data Submitter in exercising such discretion in order to ensure, as far as commercially reasonable, consistency in the approach the Data Submitter adopts with regard to the exercise of discretion.

Section 5 - Adjustments, Extraordinary Events, Index Market Disruption Events and, Force Majeure Events

1. "Index Market Disruption Event" Definition

Any of the following will constitute an "Index Market Disruption Event":

- a suspension, absence or material limitation of trading in any Index Component on their respective primary markets, in each case for more than two hours of trading or during the one hour before the close of trading in that market, as determined by the Index Administrator; or
- a suspension, absence or material limitation of trading in options or futures contracts relating to any Index Component, if available, in the respective primary markets for those contracts, in each case for more than two hours of trading or during the one-half hour before the close of trading in that market, as determined by the Index Administrator; or
- any Index Component, or options or futures contracts relating to any Index Component, if available, do not trade on what were the respective primary markets for those indices or contracts, as determined by the Index Administrator; or
- a change in law, such that on or after the Index Commencement Date (a) due to the adoption or announcement of any change in any applicable law or regulation (including, without limitation, any tax law or limitations on the repatriation of invested capital in the jurisdiction of an Index Component), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Index Administrator determines that (i) it would be illegal for the Index Administrator and/or any of its affiliates to hold, acquire, deal or dispose of the securities, options, futures or derivatives included in the Index or (ii) market participants would incur a materially increased cost in performing their obligations in respect of any Index Products (including, without limitation, due to any increase in tax liability, decrease in tax benefits or other adverse effect on their tax position); or

- the Index Administrator is unable to obtain the price in respect of any Index Component within a reasonable amount of time;

and, in any of these events, the Index Administrator determines that the event could materially interfere with its ability or the ability of any of its affiliates to unwind all or a material portion of a hedge that could be effected with respect to the Index or any Index Product.

The following event will not be an Index Market Disruption Event:

- a limitation on the hours or number of days of trading, but only if the limitation results from a previously announced change in the business hours of the relevant market.

For the purposes of determining whether an Index Market Disruption Event has occurred, an “absence of trading” in the primary securities market on which a component of the Index is traded or on which options or futures contracts relating to the Index or an Index Component are traded will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in any Index Component or in options or futures contracts relating to the Index or any Index Component in the primary market for that Index Component or those contracts, by reason of:

- a price change exceeding limits set by that market;
- a disruption in, or an impairment of, the ability of market participants in general to effect transactions in, or obtain market values for, the Index Component or those contracts;
- an imbalance of orders relating to the Index Component or those contracts; or
- a disparity in bid and ask quotes relating to that Index Component or those contracts,

will constitute a suspension or material limitation of trading in that Index Component or those contracts in that primary market.

2. “Force Majeure Event” Definition

A “Force Majeure Event” is an event or circumstance (including without limitation, a systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) that is beyond the reasonable control of the Index Administrator and that the Index Administrator determines affects the Index, any of the Index Components or the methodology on which the Index is based.

3. Consequences of a “Index Market Disruption Event” or “Force Majeure Event”

If an “Index Market Disruption Event” or a “Force Majeure Event” occurs or is continuing on one or more Scheduled Trading Days (each a “**Disrupted Day**”) that, as determined in good faith by the Index Administrator, affects the Index or any of the Index Components, the Index Administrator may:

- defer publication of information relating to the Index until the next Index Business Day on which such Index Market Disruption Event or Force Majeure Event, as applicable, is not continuing; and
- if such calendar day is a Rebalancing Date, postpone such rebalancing to the next Index Business Day on which such Index Market Disruption Event or Force Majeure Event, as applicable, is not continuing.

If an “Index Market Disruption Event” or a “Force Majeure Event” persists for each of the 5 Scheduled Trading Days immediately following the original Scheduled Trading Day that is a Disrupted Day, then the Index Administrator shall determine what actions it may take, which includes, but shall not be limited to, the following:

- make such determinations and/or adjustments to the terms of the Index as it deems appropriate in order to determine the level of the Index on such day (if such day is an Index Business Day);

- calculate a substitute level for the Index based on but not restricted to the last published level of the disrupted Index Component and such Index Component level may be zero;
- make other adjustments to the Index in good faith in order to maintain the objectives of the Index; and
- discontinue supporting the Index or terminate the calculation of the Index level or the publication of the Index level.

As soon as reasonably practicable, following the occurrence of a Market Disruption Event or a Force Majeure Event, the Index Administrator will provide notice of such events and details of its actions on the Bloomberg Page and/or on the Reuters Page and/or on the UBS Website.

4. Share Adjustments Mechanics

For purposes of this subsection "*Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events – Share Adjustments Mechanics*", all references to "shares" of equity securities include any corresponding ADSs unless otherwise specified.

Anti-dilution Adjustments. The Index Administrator may adjust any part of the Index if an event described below occurs and the Index Administrator determines that the event has a diluting or concentrative effect on the theoretical value of the shares.

The adjustments described below do not cover all events that could affect the value of the Index.

How Adjustments Will Be Made. If one of the events described below occurs while the Index is being calculated and the Index Administrator determines that the event has a diluting or concentrative effect on the theoretical value of the shares, the Index Administrator may calculate a corresponding adjustment to any variable described in the Index methodology as the Index Administrator determines appropriate to account for that diluting or concentrative effect. The Index Administrator will also determine the effective date of that adjustment. Upon making any adjustment of that kind, the Index Administrator will provide notice on the Bloomberg Page (or any successor thereto).

If more than one event requiring adjustment occurs, the Index Administrator will make such an adjustment for each event in the order in which the events occur, and on a cumulative basis. Thus, having adjusted the values for the appropriate variables for the first event, the Index Administrator will adjust the appropriate values for the second event, applying the required adjustments cumulatively.

The Index Administrator will make all determinations with respect to anti-dilution adjustments, including any determination as to whether an event requiring adjustment has occurred, as to the nature of the adjustment required and how it will be made. In addition to publishing notice of any such adjustments on the Bloomberg Page, the Index Administrator will provide information about any adjustments it makes upon investor's written request.

The following events are those that may require an anti-dilution adjustment, in each case, if that event occurs while the Index is being calculated:

- a subdivision, consolidation or reclassification of the shares of equity securities or a free distribution or dividend of any of these shares to existing holders of the shares by way of bonus, capitalisation or similar issue;
- a distribution or dividend to existing holders of:
 - shares,
 - other share capital or securities granting the right to payment of dividends and/or proceeds of a liquidation of the issuer of the shares equally or proportionately with such payments to holders of the shares,

- share capital or other securities of another issuer acquired or owned (directly or indirectly) by the issuer of shares as a result of a spin-off or other similar type transaction, or
- any other type of securities, rights or warrants or other assets in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Index Administrator;
- the declaration by the issuer of the shares of equity securities of an extraordinary or special dividend or other distribution whether in cash or shares or other assets;
- a call by the issuer of shares of equity securities in respect of shares that are not fully paid;
- in respect of an issuer of shares of equity securities, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of capital stock of the issuer of shares of equity securities pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Index Administrator provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- a repurchase by the issuer of shares of equity securities of its common stock whether out of profits or capital and whether the consideration for that repurchase is cash, securities or otherwise; or
- any other similar event that may have a diluting or concentrative effect on the theoretical value of the shares of equity securities.

Stock Splits. A stock split is an increase in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share is worth less as a result of a stock split.

Reverse Stock Splits. A reverse stock split is a decrease in the number of a corporation's outstanding shares of stock without any change in its stockholders' equity. Each outstanding share is worth more as a result of a reverse stock split.

Extraordinary Dividends. A dividend or other distribution with respect to the shares of equity securities will be deemed to be an "extraordinary dividend" if, as determined by the Index Administrator it is (1) a payment by the issuer of the shares of equity securities to holders of the shares that such issuer announces will be an extraordinary dividend; (2) a payment by the issuer of the shares of equity securities to holders of these shares out of that issuer's capital and surplus; or (3) any other "special" cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer. The ex-dividend date for any dividend or other distribution is the first day on which the shares trade without the right to receive that dividend or distribution.

To the extent an extraordinary dividend is not paid in cash, the value of the non-cash component will be determined by the Index Administrator. If an extraordinary dividend occurs while the Index is being calculated and Index Administrator determines that such event has a diluting or concentrative effect on the theoretical value of the shares, the Index Administrator will adjust any variables it determines appropriate to account for that diluting or concentrative effect.

Reorganisation Events. Each of the following is a reorganisation event in respect of the shares of equity securities, provided that, in each case, the closing date of the event occurs while the Index is being calculated:

- any reclassification or change of the shares that results in the transfer of or an irrevocable commitment to transfer all of the outstanding shares to another person or entity;
- the shares have been subject to a merger, consolidation, amalgamation or binding share exchange which is not a merger, consolidation, amalgamation or binding share exchange in which the issuer of the shares is the surviving entity and which does not result in the reclassification or change of all of the outstanding shares;

- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in that entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than 100% of the outstanding voting shares (other than shares of the equity securities owned or controlled by that other entity or person) as determined by the Index Administrator based upon the making of filings with governmental or self-regulatory agencies or any other information as the Index Administrator deems relevant;
- any consolidation, amalgamation, merger or binding share exchange of the issuer of the shares or its subsidiaries with or into another entity in which the issuer of the shares is the continuing entity and which does not result in a reclassification or change of all such outstanding shares but results in the outstanding shares (other than shares of the equity securities owned or controlled by that other entity) immediately prior to that event collectively representing less than 50% of the outstanding shares immediately following that event; or
- any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in that entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, not less than 10% of the outstanding voting shares (other than the shares of the shares owned or controlled by that other entity or person) as determined by the Index Administrator based upon the making of filings with governmental or self-regulatory agencies or any other information as the Index Administrator deems relevant.

Adjustments for Reorganisation Events. For purposes of this subsection “Adjustments for Reorganisation Events”, references to “shares” of equity securities do not include the corresponding ADSs.

If a reorganisation event occurs with respect to the shares of equity securities or any corresponding ADSs and the consideration for the shares consists solely of new shares (exclusive of fractional share cash amounts) that are publicly quoted, traded or listed on any of the Exchanges (or their respective successors), then the shares of the equity securities will be adjusted to comprise the new number of shares to which a holder of one share of the equity securities immediately prior to the occurrence of the reorganisation event, as the case may be, would be entitled upon consummation of that reorganisation event, and the Index Administrator shall adjust any variable that the Index Administrator determines appropriate to account for the reorganisation event.

If the new shares offered as consideration for the shares of the equity securities are not publicly quoted, traded or listed on any of the Exchanges (or their respective successors), then the Index Administrator may adjust the value of the Index in good faith.

For the purposes of calculating the level of the Index, such level will be determined by the Index Administrator and will be deemed to be the value of all consideration received (or that would be received) in respect of that reorganisation event on the date determined appropriate by the Index Administrator in good faith.

If a reorganisation event requiring adjustment occurs, the Index Administrator will make any adjustments with a view to offsetting, to the extent practical, any change in the economic position of the Index, that results solely from that event. The Index Administrator may modify any adjustments as necessary to ensure an equitable result.

Additional Adjustment Events. For purposes of this subsection “Additional Adjustment Events”, references to “shares” of equity securities do not include the corresponding ADSs.

Each of the following is an additional adjustment event in respect of the shares of equity securities, or any corresponding ADSs provided that, in each case, the event occurs while the Index is being calculated:

- All the assets or substantially all the assets of the issuer of the shares of equity securities or any corresponding ADSs are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.
- By reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of, or any analogous proceeding involving the issuer of the shares of equity securities, or any corresponding ADSs (1) all of the shares of the issuer of the shares of equity securities or the issuer of any corresponding ADSs are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the

shares of equity securities or any corresponding ADSs become legally prohibited from transferring those shares.

- The exchange on which the shares of equity securities are traded announces that pursuant to the rules of that exchange, the shares cease (or will cease) to be listed, traded or publicly quoted on that exchange for any reason (other than a reorganisation event as described above) and those shares are not immediately re-listed, re-traded or re-quoted on the Exchange (or its respective successors).

5. Determinations by the Index Administrator

Where the Index Administrator is required or entitled to make a determination under the provisions of this *Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events*, it will do so in good faith and in a commercially reasonable manner.

Notwithstanding any other provision of the Index Manual, the Index Administrator may only make adjustments to the Index methodology in respect of which the Index Administrator has obtained the prior consent of the Index Owner.

Section 6 - Change in Methodology of the Index and Termination

1. Change in Methodology

While the Index Administrator currently employs the methodology described in the Index Manual to calculate the Index Level, the Index Administrator may determine (acting reasonably and in good faith) that it is necessary or appropriate to modify the Index methodology or any other provision of the Index Manual to:

(i) take into account market, regulatory, juridical, financial, fiscal or other similar circumstances (including, but not limited to, any changes to or any suspension or termination of or any other events affecting any Index Components) that arise;

(ii) prevent an obvious or demonstrable error; or

(iii) remedy, correct or supplement any incorrect or ambiguous provisions.

In such event the Index Administrator shall be entitled (acting in good faith) to modify or change the Index and any provision of the Index Manual, subject to the provisions of the following paragraph and the Index Administrator obtaining the prior consent of the Index Owner. Any changes made to the Index or any provisions of the Index Manual will be made in good faith and in a commercially reasonable manner and in a manner that maintains the objectives of the Index. Any such determination by the Index Administrator will be, in the absence of manifest error, final, conclusive and binding.

If the Index Administrator proposes to modify or change the Index methodology and the Index Committee determines that the proposed modification or change will have, or is reasonably likely to have, a material effect on the objectives of the Index, the Underlying market or economic interests referenced by the Index, the Index Level or the method of calculating the Index Level (a "**Material Change**"), then the Index Administrator will make available details of the proposed Material Change at least 10 Index Administrator Business Days in advance of the proposed Material Change taking effect (such period, the "**Index Modification Consultation Period**"). Such details will be published on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website. During the Index Modification Consultation Period, Index Product Investors may provide comments to the Index Administrator in relation to the impact of the Material Change. Following the expiry of the Index Modification Consultation Period, the Index Administrator will make available a summary of any comments received from Index Product Investors in relation to the Material Change, and a summary of the Index Administrator's responses to such comments, on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website (unless the relevant has requested confidentiality).

The Index Administrator will take into account (but shall not be obliged to follow) any comments received from Index Products Investors during the Index Modification Consultation Period in relation to the implementation of any proposed Material Change.

2. Termination

The Index Administrator may, in its sole and absolute discretion, terminate the calculation and publication of the Index Level. If the Index Administrator proposes to terminate the calculation and publication of the Index Level, then (i) the Index Administrator will give at least 10 Index Administrator Business Days' notice of such termination by publication on the Bloomberg Page and/or on the Reuters Page and/or on the UBS Website and (ii) in such notice specify if there will be any transition process in relation to the termination of the calculation and publication of the Index Level and, if so, invite Index Product Investors to provide comments on the proposed transition process within such time period as may be specified by the Index Administrator (the "Index Transition Consultation Period"). During the Index Transition Consultation Period, Index Product Investors may provide comments to the Index Administrator in relation to the proposed transition process. Following the expiry of the Index Transition Consultation Period, the Index Administrator will make available a summary of any comments received from Index Product Investors in relation to the proposed transition process, and a summary of the Index Administrator's responses to such comments, on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website (unless the relevant Index Product Investor has requested confidentiality).

The Index Administrator will take into account (but shall not be obliged to follow) any comments received from Index Products Investors during the Index Transition Consultation Period.

The Index Administrator will make available any transition process in relation to the termination of the calculation and publication of the Index Level on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website.

3. Errors and Adjustments

The Index Administrator reserves the right to make adjustments to correct errors contained in previously published information relating to the Index, including but not limited to the Index Level, and to publish the corrected information, but it is under no obligation to do so and shall have no liability in respect of any errors or omissions contained in any subsequent publication. The Index Administrator will determine in good faith whether to adjust or correct any previously published Index Level in order to maintain the objectives of the Index. The Index Administrator will provide notice of such adjustments on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website. The Index Administrator will provide any information about any such adjustments it makes upon investor's written request.

The Index Owner may, at any time, change the name of the Index. Notice of such a change will be provided on the Bloomberg Page and/or the Reuters Page and/or on the UBS Website.

If the Index Administrator determines (acting reasonably) that market, regulatory, juridical, financial, fiscal, operational or other similar circumstances have arisen that would necessitate a change to the place and time of publication of the Index Level and/or the frequency of publication of the Index Level, then the Index Administrator may, upon giving at least 10 Index Administrator Business Days' notice, change the place and time of the publication of the Index Level and/or the frequency of publication of the Index Level.

4. Annual review

The Index Administrator will review the Index methodology on an annual basis to evaluate whether the Index methodology continues to achieve its objectives.

5. Construction of the Index Manual

The Index Manual is published by the Index Administrator. In the event of any inconsistency between the English language version of the Index Manual and that translated into any other language, the English language version shall prevail.

Section 7 - Index Governance

1. Index Committee

The Index Administrator has established an index committee (the “**Index Committee**”).

The Index Committee’s role is to provide an oversight function to review and provide challenge on all aspects of the Index determination process and provide effective oversight of the Index Administrator in accordance with, and subject to, the applicable procedures set out in the control framework. The Index Committee’s oversight function includes consideration of the features and intended, expected or known usage of the Index and the materiality of identified existing or potential conflicts of interest. The Index Committee’s oversight function and its composition are appropriate to provide effective scrutiny over the Index Administrator.

The Index Administrator considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

Further details in relation to the Index Committee, including the criteria and procedures for the selection of members of the Index Committee, the membership of the Index Committee and its compliance functions are set out in the control framework.

2. Conflicts of Interest

The Index confers on the Index Administrator discretion in making certain determinations, calculations and corrections from time to time. The role played by UBS, as Index Administrator and the exercise of the kinds of discretion described above could present it with significant conflicts of interest in light of the fact that UBS, of which the Index Administrator is a division, may be the issuer or counterparty of Index Products. Neither the Index Administrator nor the Index Owner has any obligation to take the needs of any Index Product Investor into consideration at any time. UBS, its affiliates and its subsidiaries may each face conflicts between the roles it performs in respect of the Index and its own interests. In particular, in its other businesses, UBS may have, or enter into transactions to create, a physical, economic or other interest (including an adverse and/or short interest, as the case may be) in the Index, any Index Product, any Index Component, any investments referenced by or linked to any Index Component or any other related investments and may exercise remedies or take other action with respect to its interests as it deems appropriate.

The following actions could adversely affect the Index Level:

- UBS may actively trade Index Products, any Index Component, any investments referenced by or linked to any Index Component and any other related investments. These activities could adversely affect the Index Level, which could in turn affect the return on, and the value of, any Index Products.
- UBS may have access to information relating to the Index, any Index Product, any Index Component, any investments referenced by or linked to any Index Component or any other related investments. UBS is not obliged to use that information for the benefit of any person acquiring or entering into any Index Products.
- UBS, its affiliates and other parties may issue, underwrite, trade or enter into, as applicable, securities, financial or derivative instruments or other investments referenced to the Index or any Index Component. An increased level of investment and trading in these securities, financial or derivative instruments or investments may negatively affect the performance of the Index and could adversely affect the Index Level and, therefore, the amount payable at maturity on any Index Products and the value of any such products before that date.
- Although UBS is not obliged to do so, it may elect to hedge its exposure to the Index, any Index Product, any Index Component, any investments referenced by or linked to any Index Component or any other related investments with an affiliate or a third party. Such affiliate or third party, in turn, is likely to directly or indirectly hedge any or all of its exposure, including through transactions taking place on the futures and/or options markets. Where UBS or such affiliate or third party chooses to hedge its exposure, it may adjust or unwind such hedges by purchasing or selling Index Products, Index Components, products linked to any Index Component, any investments referenced by or linked to any Index Component or any other products on or before the date that the Index is valued for the purposes of any Index Product. UBS or such affiliate or third party may also enter into, adjust or unwind hedging transactions relating to other instruments linked to the Index or any Index Component. Any such

hedging activity may adversely affect the Index Level, which could in turn affect the return on, and the value of, any Index Products.

- Certain activities conducted by UBS may conflict with the interests of those acquiring or entering into Index Products. For example, as described above, UBS may elect to hedge its obligations, if any, with an affiliate or a third party. It is possible that UBS could receive substantial returns with respect to these activities while the value of an Index Product may decline.
- UBS may also engage in trading for its proprietary accounts, for other accounts under its management or to facilitate transactions, including block transactions, on behalf of customers relating to one or more Index Products, products linked to any Index Component, any investments referenced by or linked to any Index Component and/or any other related investments. In the course of these transactions, UBS's customers may receive information about the Index before it is made available to other Index Product Investors. Any of these activities could also adversely affect the Index Level directly or indirectly by affecting the value of any Index Component, any investments referenced by or linked to any Index Component or any other related investments and, therefore, the amount paid at maturity on any Index Products and the value of any such products before that date.
- UBS, its affiliates and other parties may issue, underwrite, trade or enter into, as applicable, securities or financial or derivative instruments with returns linked or related to changes in the performance of the Index, any Index Product, any Index Component, any investments referenced by or linked to any Index Component or any other related investments, which might compete with the Index Products. By introducing competing products into the marketplace in this manner, UBS could adversely affect the amount paid at maturity, redemption or termination of any Index Products and the value of any such products before that date. To the extent that UBS serves as issuer, underwriter, trader or counterparty of those securities or instruments, its interests with respect to those securities or instruments may be adverse to the interests of a holder of any Index Products.
- As administrator of the Index, under certain circumstances UBS will have discretion in making various determinations that affect the Index and Index Products. UBS may use these determinations to calculate the amount it must pay at maturity or, as the case may be, upon any early redemption or termination of any such Index Product. The exercise by UBS of this discretion could adversely affect the value of any such Index Product.

3. **Control framework**

The Index Administrator has implemented and maintains a control framework for the process of determining and distributing a number of indices in respect of which UBS acts as the Index Administrator, including the Index.

Section 8 - Disclaimer, Licensing and Trademark

Disclaimers

No legal relationship (whether in contract, tort, or otherwise) exists between any Index Product Investor and the Index Administrator or the Index Owner and neither the Index Administrator nor the Index Owner owes any duties (whether in contract, tort, or otherwise) to any Index Product Investor. No claims, actions or legal proceedings may therefore be brought against the Index Administrator or the Index Owner in any manner whatsoever by an Index Product Investor or any other person.

Neither the Index Administrator nor the Index Owner makes any representation, warranty or guarantee whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figures or levels at which the Index stands at any particular day or otherwise. In addition, neither the Index Administrator nor the Index Owner gives any assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue the calculation, publication and dissemination of the Index.

Neither the Index Administrator nor the Index Owner warrants or represents or guarantees to any person the accuracy or completeness of the Index and its computation or any information related thereto and makes no warranty or representation or guarantee of any kind whatsoever relating to the Index is given or may be implied.

The process and basis of computation and compilation of the Index and the related formulae, constituent benchmarks and factors may at any time be changed or altered by the Index Administrator.

No responsibility or liability is accepted by either the Index Administrator or the Index Owner (whether for negligence or otherwise) in respect of the use of and/or reference to the Index by us or any other person in connection with securities, or for any inaccuracies, omissions, mistakes or errors in the computation of the Index (and neither the Index Administrator nor the Index Owner shall be obliged to advise any person or any Index Product Investor of any error therein) or for any economic or other loss which may be directly or indirectly sustained by any Index Product Investor or any other persons dealing with securities as a result. Any Index Product Investor or other person dealing with securities does so, therefore, in full knowledge of this disclaimer and can place no reliance whatsoever on the Index Administrator or the Index Owner.

This document contains data derived as a result of back-testing of data and is provided by the Index Administrator or the Index Owner in good faith using its standard methodology for information of this kind. That methodology relies on proprietary models, empirical data, assumptions and such other information that the Index Administrator or the Index Owner believes to be accurate and reasonable. Neither the Index Administrator nor the Index Owner makes, however, any representation, warranty or guarantee as to the accuracy, completeness or appropriateness of such methodology and neither the Index Administrator nor the Index Owner accepts any liability for the use of such information. Specifically, there is no assurance that other banks or brokers would derive the same results for the back-test period.

Nothing in the disclaimers in this *Section 8 – Disclaimer, Licensing and Trademark* shall exclude or limit liability to the extent such exclusion or limitation is not permitted by law or regulations to which the Index Administrator or the Index Owner is subject.

MSCI DISCLAIMER

The MSCI indexes are the exclusive property of Morgan Stanley Capital International Inc. ("**MSCI**"). Any financial securities or other products linked to the Index are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such financial securities or any such products. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

Licensing and Trademark

The mark and name of the Index is proprietary to UBS.

UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR) is a trademark of UBS AG and has been licensed for use by UBS AG, London Branch in connection with the calculation of the Index Level.

Section 9 - Definitions

“**ADS**” means an American Depositary Share.

“**Announcement Date**” means the Index Business Day on which a change in the Watch List is announced prior to or before the Valuation Time on such Index Business Day t.

“**Bloomberg Page**” means the page “**UBCIMA Index**” on Bloomberg.

“**Determination Date**” means the the same day of an Announcement Date.

“**Disrupted Day**” has the meaning given to such term in *Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events – Paragraph 3 (Consequences of an Index Market Disruption Event or Force Majeure Event)*.

“**Dividend Amount**” or “**Div**” means, in respect of each Index Component, the company declared dividend determined in the Index Currency with reference to the FX Price Source, and receivable on an Index Business Day that is an ex-dividend date (where the ex-dividend date is defined as the first date on which the Index Component trades without the entitlement to the latest declared dividend).

“**Exchanges**” means, in respect of each Index Component, the exchanges or quotation systems on which trading of such Index Component, or futures or option contracts linked to such Index Component principally occurs, as determined by the Index Administrator.

“**Extraordinary Dividend**” means, in respect of any relevant exchange traded fund share, an amount per such share which the Index Sponsor determines and characterizes to be an extraordinary dividend.

“**Force Majeure Event**” has the meaning given to such term in *Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events – Paragraph 2 (Force Majeure Events)*..

“**FX Price Source**” means the foreign exchange rate quoted by WM/Reuters at 4.00 p.m. London time. In case where the FX Price Source is not available on the Index Business Day, when the Index level is calculated, the FX Price Source as at the previous Index Business Day is used.

“**Index**” has the meaning given to such term in *Section 1 – Introduction*.

“**Index Administrator**” means UBS AG, London Branch, a division of UBS AG (or any successor thereto).

“**Index Administrator Business Day**” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

“**Index Base Date**” means 18 December 2009

“**Index Base Level**” means the value of the Index on the Index Base Date, and shall equal 76.83.

“**Index Business Day**” means any day (other than a Saturday or Sunday) that is (i) a Scheduled Trading Day and (ii) not a Disrupted Day.

“**Index Commencement Date**” has the meaning given to such term in *Section 2 – Overview of the Index*.

“**Index Committee**” has the meaning given to such term in *Section 7 – Index Governance*.

“Index Component”, and together **“Index Components”**, means the portfolio of eligible stocks selected from the Watch List that are comprised in the Index, as amended, replaced or substituted from time to time.

“Index Component Price” or **“UP”** means, in respect of each Index Component, the price of the Index Component determined at the Valuation Time on an Index Business Day determined in the Index Currency or converted into the Index Currency with reference to the FX Price Source.

“Index Component Weight” means, in respect of each New Index Component, a weight expressed as a percentage of the Index Level, apportioned to such New Index Component, in accordance with *“Section 4 – Calculation of the Index and Rebalancing – 6. Weight Calculation”*.

“Index Currency” means the currency in which the Index is denominated and shall be Euros (**“EUR”**).

“Index Level” means the level of the Index determined in accordance with *Section 4 – Calculation of the Index and Rebalancing* at the Valuation Time on each Index Business Day t.

“Index Manual” means the index description of the UBS Merger & Acquisitions – Europe Investable Index Total Return (EUR).

“Index Market Disruption Event” has the meaning given to such term in paragraph 1 of *Section 5 – Adjustments, Extraordinary Events, Index Market Disruption Events and Force Majeure Events*. **“Index Owner”** means UBS AG, London Branch, a division of UBS AG (or any successor thereto).

“Index Product Investors” means any investors buying, selling, entering into or holding products linked to the Index.

“Index Products” means products linked to the Index.

“Liquidity” has the meaning given to it in *Section 4 – Calculation of the Index and Rebalancing*.

“Liquidity Ratio” has the meaning given to it in *“Section 3 – Calculation of the Index and Rebalancing – 6. Weight Calculation”*.

“London Business Day” means any day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business in London.

“Milan Business Day” will be any day (other than a Saturday or Sunday) on which the commercial banks settle payments and are open for general business in Milan.

“Previous Index Component” means each of the eligible stocks comprising the Index immediately preceding the Rebalancing Date.

“Publication Date” means the date of publication of the Index Manual and shall be the 17 July 2014.

“New Index Component” means each of the eligible stocks (determined in accordance with *“Section 2 – Overview of the Index – Paragraph Index Methodology”*) that will replace the Previous Index Components comprising the Index and will constitute the Index immediately following the Rebalancing Date.

“Number of Index Components” or **“M”** means, at any time, the number of Index Components comprising the Index.

“Previous Index Component” means each of the eligible stocks comprising the Index immediately preceding the Rebalancing Date.

“Quantity of each Index Component” or **“N”** means, at any time in respect of each Index Component, the quantity of such Index Components comprising the Index.

“Rebalancing Date” means the Index Business Day falling immediately following each Determination Date.

“Rebalance Index Value” means, in respect of any Rebalancing Date, the value of the Index determined using VWAP in accordance with *“Section 4 – Calculation of the Index and Rebalancing – 3. Index Determination and Rebalancing”*.

“Reserve Index Component” has the meaning given to it in *“Section 4 – Calculation of the Index and Rebalancing – 6. Weight Calculation”*.

“Reuters Page” means the page **“UBCIMAE=UBSL”** on Reuters.

“Scheduled Trading Day” means, in respect of each Index Component, a day on which the Exchanges are scheduled to be open for trading during their regular trading sessions.

“Successor Index Administrator” has the meaning given to such term in *Section 3 – Risk Factors*.

“Successor Index Owner” has the meaning given to such term in *Section 3 – Risk Factors – 23. Change of Index Owner and Index Administrator*.

“UBS” means UBS AG, acting through its London Branch (or any successors thereto).

“UBS Website” means the following website: www.ubs.com/indexgroup.

“Valuation Time” means 10.00 pm London time or such other time as the Index Administrator may determine.

“Volume-weighted Average Price” or **“VWAP”** means, in respect of each Index Component, a price calculated as the ratio of the value traded to the total volume traded over the relevant day, as determined using Bloomberg (converted into the Index Currency with reference to the FX Price Source). In respect of the Reserve Index Component, VWAP shall be defined as the official closing price, as determined using Bloomberg.

“Withholding Tax Rate” or **“WHT”** means, in respect of each Index Component, is a percentage number reflecting taxes deductible from the Dividend Amount, determined using the MSCI Index Calculation Methodology, as updated from time to time, and can be found on the internet site <http://www.msibarra.com>.

ADDRESS LIST

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The Base Prospectus dated 10 March 2014 for the Issuance of UBS Performance Securities 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, 24 September 2014

UBS AG

By:



(signed by Stefanie Zaromitidis)

By:



(signed by Sigrid Kossatz)