

Open End Certificate on the UBS Merger & Acquisitions - Europe Investable Index Total Return (EUR)



Eusipa Code: 1500

DRAFT Term Sheet

Public Offering

Subscription Period: 6 October to 31 October 2014

Product Details

Underlying	UBS Merger & Acquisitions - Europe Investable Index Total Return (EUR) (the "Index") Bloomberg: UBCIMAE Index XX index points
Initial Reference Price of Underlying ('Strike Price')	EUR on Fixing Date (100% of Strike Price, whereby 1 Index points equals 1 EUR) (unit quotation)
Initial Issue Price	EUR on Fixing Date (100% of Strike Price, whereby 1 Index points equals 1 EUR) (unit quotation)
Ratio	1.0 (1 certificate refers to 1 index)
Settlement Currency	EUR
Risk Management Fee	2.25% p.a. (calculated and deducted daily in arrears). The Risk Management Fee is deducted by multiplication with a Risk Management Factor ("RMFactor"), where the RMF is calculated as described below.

Redemption Amount: Redemption Amount in EUR on the Valuation Date according to the following formula

$$Index(t) * Ratio * RMFactor$$

With :
Index (t) : Closing price of the Index on the Valuation Date

The Risk Management Factor is calculated as follows:

$$\frac{1}{\left(1 + \frac{0.0225}{360}\right)^n}$$

n = number of calendar days since and including the Fixing Date until and excluding the Valuation Date (calculated on an actual day count basis)

Redemption: The Investor is entitled to receive from the Issuer on the Redemption Date the Redemption Amount in the Settlement Currency.

Valuation Date: in case of Investor's Exercise: Effective Exercise Date;
in case of Issuer's Termination: Termination Date

Security Identification Codes

ISIN: DE000UZ0N678
Valor: 25345438
WKN: UZ0N67
Common Code: 111402604

Contacts

UBS Investment Bank
Equity Derivatives
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Dates

Launch Date	6 October 2014
Subscription Period*	from 6 October to 31 October 2014 (15:00 h CET)
Fixing Date*	31 October 2014 (closing)
Payment Date*	5 November 2014
Last Trading Day	4 exchange trading days prior to the Termination Date
Expiration Date	Open End
Redemption Date	5 Banking Days after the Valuation Date
Exercise Date	Date of Investor's Exercise Right
Effective Exercise Date	1 year after the Exercise Date
Termination Date	Date the Issuer's Call Right becomes effective
Banking Day	TARGET2

General Information

Issuer	UBS AG, London Branch
Rating	A2 / A / A
Lead Manager	UBS Limited, London
Calculation Agent	UBS AG, London Branch
Issue Size	Up to 100,000 Certificates
Listing	EuroTLX
Minimum Trading Size	1.00 Certificate(s)
Sales Restrictions	U.S.A.; U.S. Persons / U.K.
Clearing	Euroclear, Clearstream Banking AG, Clearstream Banking S.A. (Global Certificate at Clearstream Banking AG)
Custody	Clearstream Banking AG eligible (up-to Global Certificate)
Governing Law	German Law
Public Offer	Italy
Place of Jurisdiction	Frankfurt am Main
EU Savings Tax Treatment	For Swiss paying agents, the product is not subject to the EU Savings Tax (TK9).

Issuer's Call Right: The Issuer has a right to call the Certificates for early redemption by giving notice to that effect. The Certificates can be terminated at any time and the termination becomes effective after a notice period of 3 months, for the value of the current Redemption Amount. The Valuation Date shall be the Termination Date.

Investor's Exercise Right: The Investor has an annual right to exercise his Certificates on 31 October, for the first time on 31 October 2015, (notice to be received no later than 10:00 am, local time Frankfurt am Main, on the relevant Exercise Date) for the value of the current Redemption Amount 1 year after the Exercise Date. The exercise will become effective as of close of business 1 year after the relevant Exercise Date (the "Effective Exercise Date"). The Valuation Date shall be the Effective Exercise Date.

If any of the dates mentioned is not an Underlying Calculation Date, the immediately following Underlying Calculation Date shall be the Termination Date or the Exercise Date or the Effective Exercise Date or the Valuation Date.

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Secondary market

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential Investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price.

Index Description

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 the "UBS Equity Research European M&A Watch List". The UBS Equity Research European M&A Watch List is a list of companies under UBS's European coverage with M&A risk irrespective of UBS rating, and is maintained by the UBS Research.

Index Disclaimer

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

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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

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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.

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This product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus is not subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this product are not eligible for the specific investor protection under the CISA.

Selling Restrictions

Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.

The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.

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

If the prospectus either does not qualify as a prospectus published in accordance with the requirements of the EUPD or is not filed with or notified to the relevant Financial Supervisory Authority, this Product may not be offered or sold in EEA jurisdictions other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies), provided that the offer is only being made in one or more EEA jurisdiction that will not, before the end of the offer period for the Notes, have implemented the provision under the Directive 2010/73/EU (the "PD Amending Directive") that increases this minimum denomination (or total

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consideration per investor) to EUR 100,000; or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 or, if the relevant EEA jurisdiction has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons that are not Qualified Investors per EEA jurisdiction. "Qualified Investors" are persons or entities as defined in the Prospectus Directive.

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

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

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

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

Where this Product is subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
 - (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,
- securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant of an offer made under Section 275 of the SFA except:
- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276 (4)(i)(B) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law; or
 - (4) as specified in Section 276 (7) of the SFA; or
 - (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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

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

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

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