# SECURITIES AND EXCHANGE COMMISSION

# FORM FWP

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## SUBJECT COMPANY

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| **UBS AG**<br>CIK:**1114446**\| IRS No.: **000000000** \| State of Incorp.:**V8** \| Fiscal Year End: **1231**<br>Type: **FWP** \| Act: **34** \| File No.: **333-178960** \| Film No.: **13527909**<br>SIC: **6021** National commercial banks | Mailing Address<br>*677 WASHINGTON BLVD.*<br>*STAMFORD CT 06901* | Business Address<br>*BAHNHOFSTRASSE 45*<br>*P O BOX CH 8001*<br>*ZURICH V8 CH 8001*<br>*203-719-5241* |

## FILED BY

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ISSUER FREE WRITING PROSPECTUS
Filed Pursuant to Rule 433
Registration Statement No. 333-178960
Dated January 14, 2013

# UBS AG Trigger Phoenix Autocallable Optimization Securities

UBS AG $ Securities linked to the shares of the Market Vectors® Gold Miners ETF due on or about July 23, 2014

## Investment Description

UBS AG Trigger Phoenix Autocallable Optimization Securities (the "Securities") are unsubordinated, unsecured debt securities issued by UBS AG ("UBS" or the "Issuer") linked to the shares of Market Vectors® Gold Miners ETF (the "underlying equity"). UBS will pay a quarterly contingent coupon payment if the closing price of the underlying equity on the applicable observation date is equal to or greater than the coupon barrier. Otherwise, no coupon will be paid for the quarter. UBS will automatically call the Securities early if the closing price of the underlying equity on any observation date is equal to or greater than the initial price. If the Securities are called, UBS will pay you the principal amount of your Securities plus the contingent coupon for that quarter and no further amounts will be owed to you under the Securities. If the Securities are not called prior to maturity and the final price of the underlying equity is equal to or greater than the trigger price (which is the same price as the coupon barrier), UBS will pay you a cash payment at maturity equal to the principal amount of your Securities plus the contingent coupon for the final quarter. If the final price of the underlying equity is less than the trigger price, UBS will pay you less than the full principal amount, if anything, resulting in a loss on your initial investment that is proportionate to the negative performance of the underlying equity over the term of the Securities and you may lose up to 100% of your initial investment. **Investing in the Securities involves significant risks. You may lose some or all of your principal amount. The contingent repayment of principal only applies if you hold the Securities to maturity. Any payment on the Securities, including any repayment of principal, is subject to the creditworthiness of the issuer. If UBS were to default on its payment obligations you may not receive any amounts owed to you under the Securities and you could lose your entire investment.**

## Features

- **Contingent Coupon** – UBS will pay a quarterly contingent coupon payment if the closing price of the underlying equity on the applicable observation date is equal to or greater than the coupon barrier. Otherwise, no coupon will be paid for the quarter.
- **Automatically Callable** – UBS will automatically call the Securities and pay you the principal amount of your Securities plus the contingent coupon otherwise due for that quarter if the closing price of the underlying equity on any observation date is greater than or equal to the initial price. If the Securities are not called, investors will have the potential for downside equity market risk at maturity.
- **Contingent Repayment of Principal Amount at Maturity** – If by maturity the Securities have not been called and the price of the underlying equity does not close below the trigger price on the final valuation date, UBS will repay your principal amount per Security at maturity. If the price of the underlying equity closes below the trigger price on the final valuation date, UBS will repay less than the principal amount, if anything, resulting in a loss on your initial investment that is proportionate to the decline in the price of the underlying equity from the trade date to the final valuation date. The contingent repayment of principal only applies if you hold the Securities until maturity. Any payment on the Securities, including any repayment of principal, is subject to the creditworthiness of UBS.

## Key Dates*

| | |
|---|---|
| Trade Date | January 18, 2013 |
| Settlement Date | January 24, 2013 |
| Observation Dates | Quarterly (see page 4) |
| Final Valuation Date | July 17, 2014 |
| Maturity Date | July 23, 2014 |

* Expected. See page 4 for additional details.

**NOTICE TO INVESTORS: THE SECURITIES ARE SIGNIFICANTLY RISKIER THAN CONVENTIONAL DEBT INSTRUMENTS. THE ISSUER IS NOT NECESSARILY OBLIGATED TO REPAY THE FULL PRINCIPAL AMOUNT OF THE SECURITIES AT MATURITY, AND THE SECURITIES CAN HAVE DOWNSIDE MARKET RISK SIMILAR TO THE UNDERLYING EQUITY. THIS MARKET RISK IS IN ADDITION TO THE CREDIT RISK INHERENT IN PURCHASING A DEBT OBLIGATION OF UBS. YOU SHOULD NOT PURCHASE THE SECURITIES IF YOU DO NOT UNDERSTAND OR ARE NOT COMFORTABLE WITH THE SIGNIFICANT RISKS INVOLVED IN INVESTING IN THE SECURITIES.**

**YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER "KEY RISKS" BEGINNING ON PAGE 5 AND UNDER "RISK FACTORS" BEGINNING ON PAGE PS-16 OF THE TRIGGER PHOENIX AUTOCALLABLE OPTIMIZATION SECURITIES PRODUCT SUPPLEMENT BEFORE PURCHASING ANY SECURITIES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY EFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR SECURITIES. YOU MAY LOSE SOME OR ALL OF YOUR INITIAL INVESTMENT IN THE SECURITIES.**

## Security Offering

These preliminary terms relate to Securities linked to the shares of the Market Vectors® Gold Miners ETF. The initial price, trigger price and coupon barrier for the Securities will be set on the trade date. The Securities are offered at a minimum investment of 100 Securities at $10.00 per Security (representing a $1,000 investment) and integral multiples of $10.00 in excess thereof.

| Underlying Equity | Ticker | Contingent Coupon Rate | Initial Price | Trigger Price | Coupon Barrier | CUSIP | ISIN |
|---|---|---|---|---|---|---|---|
| Market Vectors® Gold Miners ETF | GDX | 9.00% per annum | $ | 72% to 77% of the Initial Price | 72% to 77% of the Initial Price | 90271B298 | US90271B2988 |

**See "Additional Information about UBS and the Securities" on page 2. The Securities will have the terms set forth in the Trigger Phoenix Autocallable Optimization Securities ("TPAOS") product supplement relating to the Securities, dated January 13, 2012, the accompanying prospectus and this free writing prospectus.**

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these Securities or passed upon the adequacy or accuracy of this free writing prospectus, or the accompanying product supplement or prospectus. Any representation to the contrary is a criminal offense. The Securities are not deposit liabilities of UBS and are not FDIC insured.

| Offering of Securities | Issue Price to Public | | Underwriting Discount | | Proceeds to UBS AG | |
|---|---|---|---|---|---|---|
| | Total | Per Security | Total | Per Security | Total | Per Security |
| Securities linked to Market Vectors® Gold Miners ETF | $ | $10.00 | $ | $0.15 | $ | $9.85 |

**UBS Financial Services Inc.** **UBS Investment Bank**

## Additional Information about UBS and the Securities

UBS has filed a registration statement (including a prospectus, as supplemented by a product supplement for the Securities) with the Securities and Exchange Commission, or SEC, for the offering to which this free writing prospectus relates. Before you invest, you should read these documents and any other documents relating to the Securities that UBS has filed with the SEC for more complete information about UBS and this offering. You may obtain these documents for free from the SEC website at www.sec.gov. Our Central Index Key, or CIK, on the SEC website is 0001114446. Alternatively, UBS will arrange to send you these documents if you so request by calling toll-free 877-387-2275.

**You may access these documents on the SEC website at www.sec.gov as follows:**

- TPAOS Product Supplement dated January 13, 2012:

  http://www.sec.gov/Archives/edgar/data/1114446/000119312512011468/d281730d424b2.htm

- Prospectus dated January 11, 2012:

  http://www.sec.gov/Archives/edgar/data/1114446/000119312512008669/d279364d424b3.htm

*References to "UBS", "we", "our" and "us" refer only to UBS AG and not to its consolidated subsidiaries. In this document, "Trigger Phoenix Autocallable Optimization Securities" or the "Securities" refer to the Securities that are offered hereby. Also, references to the "TPAOS product supplement" mean the UBS product supplement, dated January 13, 2012, and references to "accompanying prospectus" mean the UBS prospectus, titled "Debt Securities and Warrants," dated January 11, 2012.*

This free writing prospectus, together with the documents listed above, contains the terms of the Securities and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in "Key Risks" beginning on page 6 and in "Risk Factors" in the accompanying product supplement, as the Securities involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the Securities.

## Investor Suitability

**The Securities may be suitable for you if:**

- You fully understand the risks inherent in an investment in the Securities, including the risk of loss of your entire initial investment.
- You can tolerate a loss of all or a substantial portion of your investment and are willing to make an investment that may have the same downside market risk as an investment in the underlying equity.
- You believe the closing price of the underlying equity will be equal to or greater than the coupon barrier on the specified observation dates (including the final valuation date).
- You understand and accept that you will not participate in any appreciation in the price of the underlying equity and that your potential return is limited to the contingent coupon payments specified in the applicable pricing supplement.
- You can tolerate fluctuations in the price of the Securities prior to maturity that may be similar to or exceed the downside price fluctuations of the underlying equity.
- You would be willing to invest in the Securities if the trigger price and coupon barrier were set equal to the top of the range indicated on the cover hereof (the actual trigger price and coupon barrier will be set on the trade date).
- You are willing to forgo dividends paid on the underlying equity and you do not seek guaranteed current income from this investment.
- You are willing to invest in securities that may be called early and you are otherwise willing to hold such securities to maturity, a term of approximately 18 months, and accept that there may be little or no secondary market for the Securities.
- You are willing to assume the credit risk of UBS for all payments under the Securities, and understand that if UBS defaults on its obligations you may not receive any amounts due to you including any repayment of principal.

**The Securities may not be suitable for you if:**

- You do not fully understand the risks inherent in an investment in the Securities, including the risk of loss of your entire initial investment.
- You require an investment designed to provide a full return of principal at maturity.
- You cannot tolerate a loss of all or a substantial portion of your investment, and you are not willing to make an investment that may have the same downside market risk as an investment in the underlying equity.
- You believe that the price of the underlying equity will decline during the term of the Securities and is likely to close below the coupon barrier on the specified observation dates and below the trigger price on the final valuation date.
- You seek an investment that participates in the full appreciation in the price of the underlying equity or that has unlimited return potential.
- You cannot tolerate fluctuations in the price of the Securities prior to maturity that may be similar to or exceed the downside price fluctuations of the underlying equity.
- You would be unwilling to invest in the Securities if the trigger price and coupon barrier were set equal to the top of the range indicated on the cover hereof (the actual trigger price and coupon barrier will be set on the trade date).
- You prefer to receive the dividends paid on the underlying equity and you seek guaranteed current income from this investment.
- You are unable or unwilling to hold securities that may be called early, or you are otherwise unable or unwilling to hold such securities to maturity, a term of approximately 18 months, or you seek an investment for which there will be an active secondary market for the Securities.
- You are not willing to assume the credit risk of UBS for all payments under the Securities, including any repayment of principal.

**The suitability considerations identified above are not exhaustive. Whether or not the Securities are a suitable investment for you will depend on your individual circumstances and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the**

**suitability of an investment in the Securities in light of your particular circumstances. You should also review carefully the "Key Risks" beginning on page 6 of this free writing prospectus for risks related to an investment in the Securities.**

## Indicative Terms

| | |
|---|---|
| Issuer | UBS AG, London Branch |
| Principal Amount | $10.00 per Security |
| Term[1] | Approximately 18 months, unless called earlier. In the event that we make any change to the expected trade date and settlement date, the calculation agent may adjust (i) the observation dates (including the final valuation date) to ensure that the term between each observation date remains the same and/or (ii) the final valuation date and maturity date to ensure that the stated term of the Securities remains the same. |
| Underlying Equity | The shares of the Market Vectors® Gold Miners ETF. |
| Contingent Coupon | **If the closing price of the underlying equity is equal to or greater than the coupon barrier on any observation date,** UBS will pay you the contingent coupon applicable to such observation date. **If the closing price of the underlying equity is less than the coupon barrier on any observation date,** the contingent coupon applicable to such observation date will not accrue or be payable and UBS will not make any payment to you on the relevant coupon payment date. The contingent coupon is a fixed amount based upon equal Quarterly installments at the contingent coupon rate, which is a per annum rate. The table below sets forth the contingent coupon amount that would be applicable to each observation date on which the closing price of the underlying equity is greater than or equal to the coupon barrier. The table below reflects a contingent coupon rate of 9.00% per annum for the Securities linked to the shares of the Market Vectors® Gold Miners ETF. Amounts in the table below may have been rounded for ease of analysis. |

**Contingent Coupon (per Security)**

| Observation Dates [1] | Coupon Payment Dates [2] | Market Vectors® Gold Miners ETF |
|---|---|---|
| April 18, 2013 | April 22, 2013 | $ 0.2250 |
| July 18, 2013 | July 22, 2013 | $ 0.2250 |
| October 18, 2013 | October 22, 2013 | $ 0.2250 |
| January 17, 2014 | January 22, 2014 | $ 0.2250 |
| April 17, 2014 | April 22, 2014 | $ 0.2250 |
| July 17, 2014 | July 23, 2014 | $ 0.2250 |

**Contingent coupon payments on the Securities are not guaranteed. UBS will not pay you the contingent coupon**

## Investment Timeline

**Trade Date**

The initial price of the underlying equity is observed and the trigger price and coupon barrier are determined.

**Quarterly**

If the closing price of the underlying equity is equal to or greater than the coupon barrier on any observation date, UBS will pay you a contingent coupon payment on the applicable coupon payment date.

The Securities will be called if the closing price of the underlying equity on any observation date is equal to or greater than the initial price. If the Securities are called UBS will pay you a cash payment per Security equal to $10.00 plus the contingent coupon otherwise due on such date.

**Maturity Date**

The final price of the underlying equity is observed on the final valuation date.

If the Securities have not been called and the final price is equal to or greater than the trigger price (and the coupon barrier), UBS will repay the principal amount equal to $10.00 per Security plus the contingent coupon otherwise due on the maturity date.

If the Securities have not been called and the final price is less than the trigger price, UBS will repay less than the principal amount, if anything, resulting in a loss on your initial investment proportionate to the decline of the underlying equity, for an amount equal to:

**$10.00 + ($10.00 × Underlying Return) per Security**

**INVESTING IN THE SECURITIES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE SOME OR ALL OF YOUR PRINCIPAL AMOUNT. ANY PAYMENT ON THE SECURITIES, INCLUDING ANY REPAYMENT OF PRINCIPAL, IS SUBJECT TO THE CREDITWORTHINESS OF UBS. IF UBS WERE TO DEFAULT ON ITS PAYMENT OBLIGATIONS, YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE SECURITIES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.**

| | |
|---|---|
| | **for any observation date on which the closing price of the underlying equity is less than the coupon barrier.** |
| Contingent Coupon Rate | The contingent coupon rate is 9.00% per annum for the Securities linked to the shares of the Market Vectors® Gold Miners ETF. |
| Automatic Call Feature | The Securities will be called automatically if the closing price of the underlying equity on any observation date is equal to or greater than the initial price.<br><br>If the Securities are called on any observation date, UBS will pay you on the corresponding coupon payment date (which will be the "call settlement date") a cash payment per Security equal to your principal amount plus the contingent coupon otherwise due on such date pursuant to the contingent coupon feature. No further amounts will be owed to you under the Securities. |
| Payment at Maturity (per Security) | **If the Securities are not called and the final price is equal to or greater than the trigger price and coupon barrier,** UBS will pay you a cash payment per Security on the maturity date equal to $10.00 plus the contingent coupon otherwise due on the maturity date.<br>**If the Securities are not called and the final price is less than the trigger price,** UBS will pay you a cash payment on the maturity date of less than the principal amount, if anything, resulting in a loss on your initial investment that is proportionate to the negative underlying return, for an amount equal to:<br>$10.00 + ($10.00 × Underlying Return) |
| Underlying Return | $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ |
| Trigger Price | A percentage of the initial price of the underlying equity, as specified on the first page of this free writing prospectus (as may be adjusted in the case of certain adjustment events as described under "General Terms of the Securities – Antidilution Adjustments" in the TPAOS product supplement). |
| Coupon Barrier | A percentage of the initial price of the underlying equity, as specified on the first page of this free writing prospectus (as may be adjusted in the case of certain adjustment events as described under "General Terms of the Securities – Antidilution Adjustments" in the TPAOS product supplement). |
| Initial Price | The closing price of the underlying equity on the trade date (as may be adjusted in the case of certain adjustment events as described under "General Terms of the Securities – Antidilution Adjustments" in the TPAOS product supplement). |
| Final Price | The closing price of the underlying equity on the final valuation date, as determined by the calculation agent. |

(1) Subject to the market disruption event provisions set forth in the TPAOS product supplement beginning on page PS-34.

(2) If you are able to sell the Securities in the secondary market on the day preceding an observation date, or on an observation date, the purchaser of the Securities shall be deemed to be the record holder on the applicable record date and therefore you will not be entitled to any contingent coupon, if

| | |
|---|---|
| Coupon Payment Dates | Two business days following each observation date, except that the coupon payment date for the final valuation date is the maturity date. |

a contingent coupon is paid on the coupon payment date with respect to that observation date. If you are able to sell your Securities in the secondary market on the day following an observation date and before the applicable coupon payment date, you will be the record holder on the record date and therefore you shall be entitled to any contingent coupon, if a contingent coupon is paid on the coupon payment date with respect to that observation date.

## Key Risks

An investment in the offering of the Securities involves significant risks. Investing in the Securities is not equivalent to investing in the underlying equity. Some of the risks that apply to the Securities are summarized below, but we urge you to read the more detailed explanation of risks relating to the Securities in the "Risk Factors" section of the TPAOS product supplement. We also urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Securities.

- **Risk of loss at maturity** – The Securities differ from ordinary debt securities in that UBS will not necessarily repay the full principal amount of the Securities at maturity. If the Securities are not called, UBS will repay you the principal amount of your Securities in cash only if the final price of the underlying equity is greater than or equal to the trigger price and will only make such payment at maturity. If the Securities are not called and the final price is less than the trigger price, you will lose some or all of your initial investment in an amount proportionate to the decline in the price of the underlying equity.
- **The contingent repayment of principal applies only at maturity** – You should be willing to hold your Securities to maturity. If you are able to sell your Securities prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the price of the underlying equity is above the trigger price.
- **You may not receive any contingent coupons** – UBS will not necessarily make periodic coupon payments on the Securities. If the closing price of the underlying equity on an observation date is less than the coupon barrier, UBS will not pay you the contingent coupon applicable to such observation date. If the closing price of the underlying equity is less than the coupon barrier on each of the observation dates, UBS will not pay you any contingent coupons during the term of, and you will not receive a positive return on, your Securities. Generally, this non-payment of the contingent coupon coincides with a period of greater risk of principal loss on your Securities.
- **Your potential return on the Securities is limited and you will not participate in any appreciation of the underlying equity** – The return potential of the Securities is limited to the pre-specified contingent coupon rate, regardless of the appreciation of the underlying equity. In addition, the total return on the Securities will vary based on the number of observation dates on which the requirements of the contingent coupon have been met prior to maturity or an automatic call. Further, if the Securities are called due to the automatic call feature, you will not accrue or receive any contingent coupons or any other payment in respect of any observation dates after the applicable call settlement date. Since the Securities could be called as early as the first observation date, the total return on the Securities could be minimal. If the Securities are not called, you may be subject to the underlying equity's risk of decline even though you are not able to participate in any appreciation in the price of the underlying equity. As a result, the return on an investment in the Securities could be less than the return on a direct investment in the underlying equity.
- **Higher contingent coupon rates are generally associated with a greater risk of loss** – Greater expected volatility with respect to the underlying equity reflects a higher expectation as of the trade date that the price of such underlying equity could close below its trigger price on the final valuation date of the Securities. This greater expected risk will generally be reflected in a higher contingent coupon rate for that Security. However, while the contingent coupon rate is set on the trade date, an underlying equity's volatility can change significantly over the term of the Securities. The price of the underlying equity for your Securities could fall sharply, which could result in a significant loss of principal.
- **Reinvestment risk** – The Securities will be called automatically if the closing price of the underlying equity is equal to or greater than the initial price on any observation date. In the event that the Securities are called prior to maturity, there is no guarantee that you will be able to reinvest the proceeds from an investment in the Securities at a comparable rate of return for a similar level of risk. To the extent you are able to reinvest such proceeds in an investment comparable to the Securities, you will incur transaction costs and the original issue price for such an investment is likely to include certain built-in costs such as dealer discounts and hedging costs.
- **Credit risk of UBS** – The Securities are unsubordinated, unsecured debt obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the Securities, including payments in respect of an automatic call, contingent coupon payment or any contingent repayment of principal provided

at maturity, depends on the ability of UBS to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of UBS may affect the market value of the Securities and, in the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the Securities and you could lose your entire initial investment.

- **Market risk** – The price of the underlying equity can rise or fall sharply due to factors specific to that underlying equity or the securities constituting the assets of the underlying equity. These factors may include price volatility, earnings, financial conditions, corporate, industry and regulatory developments, management changes and decisions and other events, as well as general market factors, such as general market volatility and levels, interest rates and economic and political conditions. We urge you to review financial and other information filed periodically by the underlying equity with the SEC.
- **No assurance that the investment view implicit in the Securities will be successful** – It is impossible to predict whether and the extent to which the price of the underlying equity will rise or fall. The closing price of the underlying equity will be influenced by complex and interrelated political, economic, financial and other factors that affect the underlying equity. You should be willing to accept the downside risks of owning equities in general and the underlying equity in particular, and the risk of losing some or all of your initial investment.
- **Owning the Securities is not the same as owning the underlying equity** – The return on your Securities is unlikely to reflect the return you would realize if you actually owned the underlying equity. For instance, you will not receive or be entitled to receive any dividend payments or other distributions on the underlying equity during the term of your Securities. As an owner of the Securities, you will not have voting rights or any other rights that holders of the underlying equity may have. Furthermore, the underlying equity may appreciate substantially during the term of the Securities and you will not participate in such appreciation.

- **There is no affiliation between UBS and the issuers of the constituent stocks of the underlying equity (the "underlying equity constituent stock issuers"), and UBS is not responsible for any disclosure by such issuers** – We are not affiliated with the underlying equity constituent stock issuers. However, we and our affiliates may currently or from time to time in the future engage in business with the underlying equity constituent stock issuers. Nevertheless, neither we nor our affiliates assume any responsibility for the accuracy or the completeness of any information about the underlying equity or the underlying equity constituent stock issuers. You, as an investor in the Securities, should make your own investigation into the underlying equity and the underlying equity constituent stock issuers. The underlying equity constituent stock issuers are not involved in the Securities offered hereby in any way and have no obligation of any sort with respect to your Securities. The underlying equity constituent stock issuers have no obligation to take your interests into consideration for any reason, including when taking any corporate actions that might affect the value of your Securities.
- **The calculation agent can make adjustments that affect the payment to you at maturity** – For certain corporate events affecting the underlying equity, the calculation agent may make adjustments to the initial price or trigger price (or coupon barrier). However, the calculation agent will not make an adjustment in response to all events that could affect the underlying equity. If an event occurs that does not require the calculation agent to make an adjustment, the value of the Securities may be materially and adversely affected. In addition, all determinations and calculations concerning any such adjustments will be made by the calculation agent. You should be aware that the calculation agent may make any such adjustment, determination or calculation in a manner that differs from that discussed in the product supplement as necessary to achieve an equitable result. Following a delisting or discontinuance of the underlying equity, the amount you receive on a coupon payment date or at maturity may be based on a share of another exchange traded fund. The occurrence of these events and the consequent adjustments may materially and adversely affect the value of the Securities. For more information, see the section "General Terms of the Securities – Antidilution Adjustments" and "General Terms of the Securities – Delisting, Discontinuance or Modification of an ETF". Regardless of any of the events discussed above, any payment on the Securities is subject to the creditworthiness of UBS.
- **The value of the underlying equity may not completely track the value of the securities in which such exchange traded fund invests** – Although the trading characteristics and valuations of the underlying equity will usually mirror the characteristics and valuations of the securities in which such exchange traded fund invests, its value may not completely track the value of such securities. The value of the underlying equity will reflect transaction costs and fees that the securities in which that exchange traded fund invests do not have. In addition, although the underlying equity may be currently listed for trading on an exchange, there is no assurance that an active trading market will continue for such underlying equity or that there will be liquidity in the trading market.
- **Fluctuation of NAV** – The net asset value (the "NAV") of an exchange traded fund may fluctuate with changes in the market value of such exchange traded fund' s securities holdings. The market price of the underlying equity may fluctuate in accordance with changes in NAV and supply and demand on the applicable stock exchanges. In addition, the market price of the underlying equity may differ from its NAV per share; the underlying equity may trade at, above or below its NAV per share.
- **There are risks associated with investments in securities with concentration in the gold and silver mining industry** – The Securities linked to the Market Vectors® Gold Miners ETF ("GDX Fund") are subject to risks associated with the gold and silver mining industries. The stocks comprising the NYSE Arca Gold Miners Index and that are generally tracked by the GDX Fund are stocks of companies primarily engaged in the mining of gold or silver. The shares of the GDX Fund may be subject to increased price volatility as they are linked to a single industry, market or sector and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that industry, market or sector. Because the GDX Fund primarily invests in stocks and American depositary receipts of companies that are involved in the gold mining industry, and to a lesser extent the silver mining industry, the shares of the GDX Fund, and the value of Securities linked to the GDX Fund, are subject to certain risks associated with such companies. Gold mining companies are highly dependent on the price of gold and subject to competition pressures that may have a significant effect on their financial condition. Gold prices are subject to volatile price movements over short periods of time and are

affected by numerous factors. These include economic factors, including, among other things, the structure of and confidence in the global monetary system, expectations of the future rate of inflation, the relative strength of, and confidence in, the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates and gold borrowing and lending rates, and global or regional economic, financial, political, regulatory, judicial or other events. Gold prices may also be affected by industry factors such as industrial and jewelry demand, lending, sales and purchases of gold by the official sector, including central banks and other governmental agencies and multilateral institutions which hold gold, levels of gold production and production costs, and short-term changes in supply and demand because of trading activities in the gold market.

Silver mining companies are highly dependent on the price of silver. Silver prices can fluctuate widely and may be affected by numerous factors. These include general economic trends, technical developments, substitution issues and regulation, as well as specific factors including industrial and jewelry demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar (the currency in which the price of silver is generally quoted) and other currencies, interest rates, central bank sales, forward sales by producers, global or regional political or economic events, and production costs and disruptions in major silver producing countries.

- **The GDX Fund does not measure the performance of gold bullion** – The GDX Fund measures the performance of shares of gold and silver mining companies and not gold bullion. Therefore the GDX Fund may under- or over-perform gold bullion over the short-term or the long-term.
- **Failure of the underlying equity to track the level of the underlying index** – While the underlying equity is designed and intended to track the level of a specific index (an "underlying index"), various factors, including fees and other transaction costs, will prevent the underlying equity from correlating exactly with changes in the level of such underlying index. Accordingly, the performance of the underlying equity will not be equal to the performance of its underlying index during the term of the Securities.

- **There may be little or no secondary market** − The Securities will not be listed or displayed on any securities exchange or any electronic communications network. There can be no assurance that a secondary market for the Securities will develop. UBS Securities LLC and other affiliates of UBS may make a market in the offering of the Securities, although they are not required to do so and may stop making a market at any time. If you are able to sell your Securities prior to maturity, you may have to sell them at a substantial loss.
- **Price of Securities prior to maturity** − The market price of the Securities will be influenced by many unpredictable and interrelated factors, including the price of the underlying equity; the volatility of the underlying equity; the dividend rate paid on the underlying equity; the time remaining to the maturity of the Securities; interest rates in the markets; geopolitical conditions and economic, financial, political, force majeure and regulatory or judicial events; and the creditworthiness of UBS.
- **Impact of fees on secondary market prices** − Generally, the price of the Securities in the secondary market is likely to be lower than the issue price to public since the issue price included, and the secondary market prices are likely to exclude, commissions, hedging costs or other compensation paid with respect to the Securities.
- **Potential UBS impact on price** − Trading or transactions by UBS or its affiliates in the underlying equity and/or over-the-counter options, futures or other instruments with returns linked to the performance of the underlying equity, may adversely affect the market price of the underlying equity and, therefore, the market value of the Securities.
- **Potential conflict of interest** − UBS and its affiliates may engage in business with the issuer(s) of the securities held by the underlying equity, which may present a conflict between the obligations of UBS and you, as a holder of the Securities. There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS. The calculation agent will determine whether the contingent coupon is payable to you on any coupon payment date or whether the Securities are subject to an automatic call, or the amount you receive at maturity of the Securities. The calculation agent may postpone any observation date (including the final valuation date) if a market disruption event occurs and is continuing on such date.
- **Potentially inconsistent research, opinions or recommendations by UBS** − UBS and its affiliates publish research from time to time on financial markets and other matters that may influence the value of the Securities, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. Any research, opinions or recommendations expressed by UBS or its affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the Securities and the underlying equity to which the Securities are linked.
- **Dealer incentives** − UBS and its affiliates act in various capacities with respect to the Securities. We and our affiliates may act as a principal, agent or dealer in connection with the sale of the Securities. Such affiliates, including the sales representatives, will derive compensation from the distribution of the Securities and such compensation may serve as an incentive to sell these Securities instead of other investments. We will pay total underwriting compensation of $0.15 per Security to any of our affiliates acting as agents or dealers in connection with the distribution of the Securities.
- **Uncertain tax treatment** − Significant aspects of the tax treatment of the Securities are uncertain. You should consult your own tax advisor about your tax situation.

## Hypothetical Examples of How the Securities Might Perform

The examples below illustrate the payment upon a call or at maturity for a $10.00 Security on a hypothetical offering of the Securities, with the following assumptions (the actual terms will be determined on the trade date; amounts may have been rounded for ease of reference):

| | |
|---|---|
| Principal Amount: | $10.00 |
| Term: | Approximately 18 months |
| Initial Price: | $60.00 |
| Contingent Coupon Rate: | 9.00% per annum (or 2.25% per quarter) |
| Contingent Coupon: | $0.225 per quarter |
| Observation Dates: | Quarterly |
| Trigger Price: | $45.00 (which is 75% of the Initial Price) |
| Coupon Barrier: | $45.00 (which is 75% of the Initial Price) |

**Example 1 – Securities are Called on the First Observation Date**

| Date | Closing Price | Payment (per Security) |
|---|---|---|
| First Observation Date | $65.00 (at or above Initial Price) | $10.225 (Settlement Amount) |
| | Total Payment: | $10.225 (2.25% return) |

Since the Securities are called on the first observation date, UBS will pay you on the call settlement date a total of $10.225 per Security reflecting your principal amount plus the applicable contingent coupon for a 2.25% total return on the Securities. No further amount will be owed to you under the Securities.

**Example 2 – Securities are Called on the Third Observation Date**

| Date | Closing Price | Payment (per Security) |
|---|---|---|
| First Observation Date | $55.00 (at or above Coupon Barrier; below Initial Price) | $0.225 (Contingent Coupon) |
| Second Observation Date | $50.00 (at or above Coupon Barrier; below Initial Price) | $0.225 (Contingent Coupon) |
| Third Observation Date | $60.00 (at or above Initial Price) | $10.225 (Settlement Amount) |
| | Total Payment: | $10.675 (6.75% return) |

Since the Securities are called on the third observation date, UBS will pay you on the call settlement date a total of $10.225 per Security, reflecting your principal amount plus the applicable contingent coupon. When added to the contingent coupon payments of $0.45 received in respect of prior observation dates, UBS will have paid you a total of $10.675 per Security for a 6.75% total return on the Securities. No further amount will be owed to you under the Securities.

**Example 3 – Securities are NOT Called and the Final Price of the Underlying Stock is at or above the Trigger Price**

| Date | Closing Price | Payment (per Security) |
|---|---|---|
| First Observation Date | $55.00 (at or above Coupon Barrier; below Initial Price) | $0.225 (Contingent Coupon) |
| Second Observation Date | $35.00 (below Coupon Barrier) | $0.00 |
| Third to Fifth Observation Dates | Various (all below Coupon Barrier) | $0.00 |
| Final Valuation Date | $50.00 (at or above Trigger Price and Coupon Barrier; below Initial Price) | $10.225 (Payment at Maturity) |
| | Total Payment: | $10.45 (4.50% return) |

At maturity, UBS will pay you a total of $10.225 per Security, reflecting your principal amount plus the applicable contingent coupon. When added to the contingent coupon payment of $0.225 received in respect of prior observation dates, UBS will have paid you a total of $10.45 per Security for a 4.50% total return on the Securities.

**Example 4 – Securities are NOT Called and the Final Price of the Underlying Stock is below the Trigger Price**

| Date | Closing Price | Payment (per Security) |
|---|---|---|

| | | |
|---|---|---|
| First Observation Date | $55.00 (at or above Coupon Barrier; below Initial Price) | $0.225 (Contingent Coupon) |
| Second Observation Date | $50.00 (at or above Coupon Barrier; below Initial Price) | $0.225 (Contingent Coupon) |
| Third to Fifth Observation Dates | Various (all at or above Coupon Barrier; below Initial Price) | $0.675 (Contingent Coupon) |
| Final Valuation Date | $24.00 (below Trigger Price and Coupon Barrier) | $10.00 + [$10.00 × Underlying Return] =<br>$10.00 + [$10.00 × -60%] =<br>$10.00 - $6.00 =<br>$4.00 (Payment at Maturity) |
| | Total Payment: | $5.125 (-48.75% return) |

Since the Securities are not called and the final price of the underlying stock is below the trigger price, at maturity UBS will pay you $4.00 per Security. When added to the contingent coupon payments of $1.125 received in respect of prior observation dates, UBS will have paid you $5.125 per Security for a loss on the Securities of 48.75%.

**The Securities differ from ordinary debt securities in that UBS is not necessarily obligated to repay the full amount of your initial investment. If the Securities are not called on any observation date, you may lose some or all of your initial investment. Specifically, if the Securities are not called and the final price is less than the trigger price, you will lose 1% (or a fraction thereof) of your principal amount for each 1% (or a fraction thereof) that the underlying return is less than zero.**

**Any payment on the Securities, including payments in respect of an automatic call, contingent coupon or any repayment of principal provided at maturity, is dependent on the ability of UBS to satisfy its obligations when they come due. If UBS is unable to meet its obligations, you may not receive any amounts due to you under the Securities.**

## Information about the Underlying Equity

All disclosures contained in this free writing prospectus regarding the underlying equity are derived from publicly available information. Notwithstanding anything stated in the product supplement, we do not disclaim liability or responsibility for any information disclosed herein regarding the underlying equity. However, UBS has not conducted any independent review or due diligence of any publicly available information with respect to the underlying equity.

Included on the following pages is a brief description of the underlying equity. This information has been obtained from publicly available sources. Set forth below is a table that provides the quarterly high and low closing prices for the underlying equity. The information given below is for the four calendar quarters in each of 2009, 2010, 2011 and 2012. Partial data is provided for the first calendar quarter of 2013. We obtained the closing price information set forth below from the Bloomberg Professional© service ("Bloomberg") without independent verification. You should not take the historical prices of the underlying equity as an indication of future performance.

The underlying equity is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Companies with securities registered under the Exchange Act are required to file financial and other information specified by the SEC periodically. Information filed by the issuer of the underlying equity with the SEC can be reviewed electronically through a website maintained by the SEC. The address of the SEC's website is http://www.sec.gov. Information filed with the SEC by the issuer of the underlying equity under the Exchange Act can be located by reference to its SEC file number provided below. In addition, information filed with the SEC can be inspected and copied at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Section, at prescribed rates.

## Market Vectors® Gold Miners ETF

We have derived all information contained in this free writing prospectus regarding the Market Vectors® Gold Miners ETF (the "GDX Fund") from publicly available information. Such information reflects the policies of, and is subject to change by the Market Vectors ETF Trust (the "Trust"), Van Eck Securities Corporation, and Van Eck Associates Corporation ("Van Eck"). UBS has not undertaken an independent review or due diligence of any publicly available information regarding the GDX Fund.

The GDX Fund is an investment portfolio maintained and managed by the Trust and advised by Van Eck. The Trust is a registered openend investment company that consists of numerous separate investment portfolios, including the GDX Fund. The GDX Fund seeks to replicate the performance of the NYSE Arca Gold Miners Index (the "Index") by investing in a portfolio of securities that generally replicates the Index. The Index, calculated by NYSE Arca, is a modified market capitalization-weighted index consisting of common stocks and American depository receipts ("ADRs") of publicly traded companies involved primarily in mining for gold. The Index includes common stocks and ADRs of selected companies with market capitalizations greater than $100 million that have an average daily volume of at least 50,000 shares over the past six months. The GDX Fund is passively managed and may not hold each Index component in the same weighting as the Index.

As of September 30, 2012, the net expense ratio of the GDX Fund is expected to accrue at an annual rate of 0.52% of the GDX Fund's daily net asset value. Expenses of the GDX Fund reduce the net value of the assets held by the GDX Fund and, therefore, reduce value of the shares of the GDX Fund.

As of September 30, 2012, the GDX Fund's five largest company holdings include: Barrick Gold Corporation (13.65%), Goldcorp Inc. (12.22%), Newmont Mining Corporation (9.08%), Silver Wheaton Corp. (5.08%) and Yamana Gold Inc. (5.02%).

Information filed by the Trust with the SEC under the Securities Act of 1933 and the Investment Company Act of 1940 can be found by reference to its SEC file number: 333-123257 and 811-10325. The GDX Fund's website is http://www.vaneck.com/funds/GDX.aspx. Shares of the GDX Fund are listed on the NYSE Arca under ticker symbol ''GDX.''

Information from outside sources is not incorporated by reference in, and should not be considered part of, this free writing prospectus or any accompanying prospectus. Notwithstanding anything stated in the product supplement, we do not disclaim liability or responsibility for any information disclosed herein regarding the GDX Fund. However, UBS has not conducted any independent review or due diligence of any publicly available information with respect to the GDX Fund.

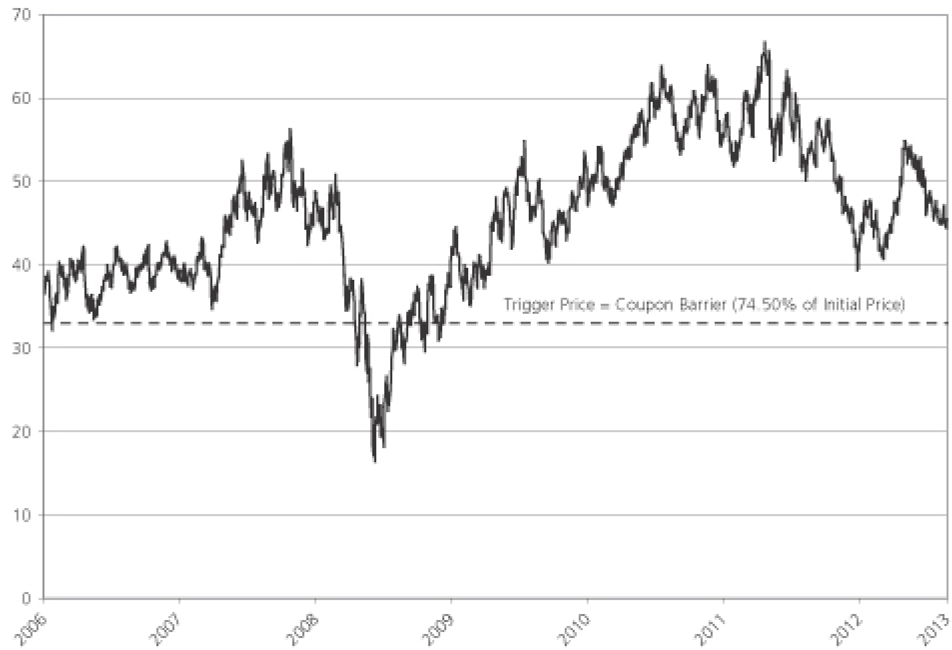
### Historical Information

The following table sets forth the quarterly high and low closing prices for the GDX Fund, based on the daily closing prices as reported by Bloomberg, without independent verification. UBS has not undertaken an independent review or due diligence of any publicly available information obtained from Bloomberg. The closing price of the GDX Fund on January 11, 2013 was $45.40. The actual initial price will be the closing price of the GDX Fund on the trade date. ***Past performance of the GDX Fund is not indicative of the future performance of the GDX Fund.***

| Quarter Begin | Quarter End | Quarterly High | Quarterly Low | Quarterly Close |
|---|---|---|---|---|
| 1/2/2009 | 3/31/2009 | $38.57 | $28.20 | $36.88 |
| 4/1/2009 | 6/30/2009 | $44.55 | $30.95 | $37.76 |
| 7/1/2009 | 9/30/2009 | $48.00 | $35.14 | $45.29 |
| 10/1/2009 | 12/31/2009 | $54.78 | $41.87 | $46.21 |
| 1/4/2010 | 3/31/2010 | $50.17 | $40.22 | $44.41 |
| 4/1/2010 | 6/30/2010 | $54.07 | $46.36 | $51.96 |
| 7/1/2010 | 9/30/2010 | $56.66 | $47.09 | $55.93 |
| 10/1/2010 | 12/31/2010 | $63.80 | $54.28 | $61.47 |
| 1/3/2011 | 3/31/2011 | $60.79 | $53.12 | $60.06 |
| 4/1/2011 | 6/30/2011 | $63.95 | $51.80 | $54.59 |
| 7/1/2011 | 9/30/2011 | $66.69 | $53.75 | $55.19 |
| 10/3/2011 | 12/30/2011 | $63.32 | $50.07 | $51.43 |
| 1/3/2012 | 3/30/2012 | $57.47 | $48.75 | $49.57 |
| 4/2/2012 | 6/30/2012 | $50.37 | $39.34 | $44.77 |
| 7/2/2012 | 9/28/2012 | $54.81 | $40.70 | $53.71 |
| 10/1/2012 | 12/31/2012 | $54.25 | $44.85 | $46.39 |
| 1/2/2013* | 1/11/2013* | $47.09 | $44.36 | $45.40 |

* As of the date of this free writing prospectus, available information for the first calendar quarter of 2013 includes data for the period from January 2, 2013 through January 11, 2013. Accordingly, the "Quarterly High," "Quarterly Low" and "Quarterly Close" data indicated are for this shortened period only and do not reflect complete data for the first calendar quarter of 2013.

The graph below illustrates the performance of the GDX Fund from May 22, 2006 through January 11, 2013 based on information from Bloomberg. The dotted line represents a hypothetical trigger price and coupon barrier of $33.82, which is equal to 74.50% of the closing price on January 11, 2013. The actual trigger price and coupon barrier will be set on the trade date and will be between 72% and 77% of the closing price of the GDX Fund on the trade date. ***Past performance of the GDX Fund is not indicative of the future performance of the GDX Fund.***


70
60
50
40
30
20
10
0
Trigger Price = Coupon Barrier (74.50% of Initial Price)
2006
2007
2008
2009
2010
2011
2012
2013

## What Are the Tax Consequences of the Securities?

**The United States federal income tax consequences of your investment in the Securities are uncertain. Some of these tax consequences are summarized below, but we urge you to read the more detailed discussion in "Supplemental U.S. Tax Considerations" beginning on page PS-48 of the TPAOS product supplement and to discuss the tax consequences of your particular situation with your tax advisor.**

Pursuant to the terms of the Securities, UBS and you agree, in the absence of an administrative or judicial ruling to the contrary, to characterize the Securities as a pre-paid derivative contract with respect to the underlying equity. If your Securities are so treated, you should generally recognize capital gain or loss upon the sale, automatic call, redemption or maturity of your Securities in an amount equal to the difference between the amount you receive at such time (other than amounts attributable to a contingent coupon, which would be taxable as ordinary income as described below) and the amount you paid for your Securities. Such gain or loss should generally be long term capital gain or loss if you have held your Securities for more than one year. In addition, any contingent coupon that is paid by UBS including on the maturity date or upon automatic call should be included in your income as ordinary income in accordance with your regular method of accounting for U.S. federal income tax purposes.

**Unless otherwise specified in the applicable pricing supplement, in the opinion of our counsel, Cadwalader, Wickersham & Taft LLP, it would be reasonable to treat your Securities in the manner described above. However, because there is no authority that specifically addresses the tax treatment of the Securities, it is possible that your Securities could alternatively be treated for tax purposes in the manner described under "Supplemental U.S. Tax Considerations – Alternative Treatments" beginning on page PS-50 of the TPAOS product supplement including possible treatment as a "constructive ownership transaction" subject to the constructive ownership rules of Section 1260 of the Code, as described in such product supplement. The risk that the Securities may be recharacterized for United States federal income tax purposes as instruments giving rise to current ordinary income (even before receipt of any cash) and short-term capital gain or loss (even if held for more than one year), is higher than with other equity-linked securities that do not guarantee full repayment of principal.**

In 2007, the Internal Revenue Service released a notice that may affect the taxation of holders of the Securities. According to the notice, the Internal Revenue Service and the Treasury Department are actively considering whether the holder of an instrument such as the Securities should be required to accrue ordinary income on a current basis. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of the Securities will ultimately be required to accrue income currently in excess of any receipt of contingent coupons and this could be applied on a retroactive basis. The Internal Revenue Service and the Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Internal Revenue Code should be applied to such instruments. Holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations. Except to the extent otherwise required by law, UBS intends to treat your Securities for United States federal income tax purposes in accordance with the treatment described above and under "Supplemental U.S. Tax Considerations" beginning on page PS-48 of the TPAOS product supplement unless and until such time as the Treasury Department and Internal Revenue Service determine that some other treatment is more appropriate.

Moreover, in 2007, legislation was introduced in Congress that, if enacted, would have required holders of Securities purchased after the bill was enacted to accrue interest income over the term of the Securities despite the fact that there will be no interest payments over the term of the Securities. It is not possible to predict whether a similar or identical bill will be enacted in the future, or whether any such bill would affect the tax treatment of your Securities.

Beginning in 2013, U.S. holders that are individuals, estates, and certain trusts will be subject to an additional 3.8% tax on all or a portion of their ''net investment income,'' which may include any gain realized with respect to the Securities, to the extent of their net investment income that when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), or $125,000 for a married individual filing a separate return. U.S. holders should consult their tax advisors with respect to their consequences with respect to the 3.8% Medicare tax.

Section 871(m) of the Internal Revenue Code of 1986, as amended (the "Code"), requires withholding (up to 30%, depending on the applicable treaty) on certain financial instruments to the extent that the payments or deemed payments on the financial instruments are contingent upon or determined by reference to U.S.-source dividends. Under proposed U.S. Treasury Department regulations, certain payments that are contingent upon or determined by reference to U.S. source dividends, including payments reflecting adjustments for extraordinary dividends, with respect to equity-linked instruments, including the Securities, may be treated as dividend equivalents. If enacted in their current form, the regulations may impose a withholding tax on payments made on the Securities on or after January 1, 2014 that are treated as dividend equivalents. In that case, we (or the applicable paying agent) would be obligated to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld. Further, Non-U.S. Holders may be required to provide certifications prior to, or upon the sale, redemption or maturity of the Securities in order to minimize or avoid U.S. withholding taxes.

*Foreign Account Tax Compliance Act.* The Foreign Account Tax Compliance Act ("FATCA") was enacted on March 18, 2010, and imposes a 30% U.S. withholding tax on "withholdable payments" (i.e, certain U.S. source payments, including interest (and OID), dividends, other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce U.S. source interest of dividends) and “pass-thru payments” (i.e., certain payments attributable to withholdable payments) made to certain foreign financial institutions (and certain of their affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account of the institution (or the relevant affiliate) and to annually report certain information about such account. FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that they do not have any substantial United States owners) to withhold tax at a rate of 30%.

Pursuant to proposed Treasury regulations, the withholding and reporting requirements will generally apply to certain withholdable payments made after December 31, 2013 (and pass-thru payments made after December 31, 2016). If the proposed Treasury Department regulations are finalized in their current from, this withholding tax would not be imposed on payments pursuant to obligations that are outstanding on January 1, 2013 (and are not materially modified after December 31, 2012). If, however, withholding is required as a result of future guidance, we (and any paying agent) will not be required to pay additional amounts with respect to the amounts so withhold.

The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold at a rate of up to 30 per cent, on all, or a portion of, payments made after 31 December 2016 in respect of any Securities which are issued (or materially modified) after 31 December 2012 or that are treated as equity for U.S. federal tax purposes whenever issued, pursuant to FATCA.

The Issuer is a foreign financial institution (“FFI”) for the purposes of FATCA. If the Issuer agrees to provide certain information on its account holders pursuant to a FATCA agreement with the IRS (i.e., the Issuer is a “Participating FFI”) then withholding may be triggered if: (i) the Issuer has a positive “pass-thru payment percentage” (as determined under FATCA), (ii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any FFI that is an investor, or through which payment on the Securities is made, is not a Participating FFI.

An investor that is not a Participating FFI that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are not currently clear and the above description is based on proposed regulations and interim guidance. Investors should consult their own advisors about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

*Specified Foreign Financial Assets.* Under recently enacted legislation, individuals that own “specified foreign financial assets” may be required to file information with respect to such assets with their tax returns, especially if such assets are held outside the custody of a U.S. financial institution. You are urged to consult your tax advisor as to the application of this legislation to your ownership of the Securities.

## Supplemental Plan of Distribution (Conflicts of Interest)

We will agree to sell to UBS Financial Services Inc. and certain of its affiliates, together the "Agents," and the Agents will agree to purchase, all of the Securities at the issue price less the underwriting discount indicated on the cover of the final pricing supplement, the document that will be filed pursuant to Rule 424(b) containing the final pricing terms of the Securities.

We or one of our affiliates may enter into swap agreements or related hedge transactions with one of our other affiliates or unaffiliated counterparties in connection with the sale of the Securities and UBS or its affiliates may earn additional income as a result of payments pursuant to the swap or related hedge transactions.

**Conflicts of Interest** – Each of UBS Securities LLC and UBS Financial Services Inc. is an affiliate of UBS and, as such, has a "conflict of interest" in this offering within the meaning of FINRA Rule 5121. In addition, UBS will receive the net proceeds (excluding the underwriting discount) from the initial public offering of the Securities, thus creating an additional conflict of interest within the meaning of Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. Neither UBS Securities LLC nor UBS Financial Services Inc. is permitted to sell Securities in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

## Structured Product Categorization

To help investors identify appropriate Structured Products ("Structured Products"), UBS organizes its Structured Products into four categories: Protection Strategies, Optimization Strategies, Performance Strategies and Leverage Strategies. The Securities are classified by UBS as an Optimization Strategy for this purpose. The description below is intended to describe generally the four categories of Structured Products and the types of principal repayment features that may be offered on those products. This description should not be relied upon as a description of any particular Structured Product.

- ***Protection Strategies*** are structured to complement and provide the potential to outperform traditional fixed income instruments. These Structured Products are generally designed for investors with low to moderate risk tolerances.
- ***Optimization Strategies*** provide the opportunity to enhance market returns or yields and can be structured with full downside market exposure or with buffered or contingent downside market exposure. These structured products are generally designed for investors who can tolerate downside market risk.
- ***Performance Strategies*** provide efficient access to markets and can be structured with full downside market exposure or with buffered or contingent downside market exposure. These structured products are generally designed for investors who can tolerate downside market risk.
- ***Leverage Strategies*** provide leveraged exposure to the performance of an underlying asset. These Structured Products are generally designed for investors with high risk tolerances.

In order to benefit from any type of principal repayment feature, investors must hold the Securities to maturity.

***Classification of Structured Products into categories is for informational purposes only and is not intended to guarantee particular results or performance.***