5yr Autocallable Notes on FTSE 100 and GDX UP

This Document is for Eligible Counterparties and Professional clients Only. No Further distribution is permitted. Distribution to Retail clients prohibited

Indicative Product Description

The Autocallable Note is a product that offers an attractive return if on any Observation Date all Underlyings close at or above a predefined Early Redemption Level. It can provide an enhanced return compared to a direct investment in the markets in slightly negative market conditions. The payout and an early redemption are conditional on the performance of the underlyings.

Summary of Indicative Product Terms

Issuer	**UBS AG, Jersey Branch (A2/A/A)**
Lead Manager	UBS AG Jersey
Strike Date	22 February 2013
Issue Date	01 March 2013
Expiration Date	22 February 2018
Redemption Date	01 March 2018, subject to early redemption
Tenor	5 years
Currency	Quanto GBP
Issue Price	100.00% of nominal value
Capital Protection	None
Participation (at expiry and subject to early redemption event)	100.00% participation in the worst performing underlying on the Expiration Date if barrier event occurs
Coupon	10.00% per year (10.00% p.a.), payable only in case of an early redemption event
Barrier Event	If the worst performing underlying closes at or below the barrier level at any time.
Early Redemption Event	If on any observation date all underlyings close at or above the early redemption level of 100% (including Expiration Date)
Early Redemption Observation Dates	Each year
Underlyings	FTSE 100 Index, GDX UP
ISIN	XS0883611302

Product Description

The Worst Of Autocallables are structured products belonging to the "Optimisation" category. Optimisation products offer solutions for investors with medium to higher risk tolerance, who seek to efficiently access a certain market or to potentially enhance their return.

The effective redemption date of this product and the conditional exit rate payment depend on the price of the worst performing underlying on the predefined observation dates. If no early redemption occurs and a barrier event has occurred, the payout is linked to the performance of the worst performing underlying on the Expiration Date (without currency impact):

1. **If on any observation date (including the Expiration Date) all underlyings close at or above the early redemption level**, you will receive 100.00% of the nominal value plus a coupon for each observation period since inception in cash, as per in Table 1.
2. **If an early redemption event has not occurred and**

a) if all underlyings have a closed at or above the 50% barrier during the lifetime of the product, you will receive 100.00% of the nominal value at Redemption Date

b) if any underlying closes below the 50% barrier level during the lifetime of the product, you will receive for each Note a cash settlement equal to the final level of the worst performing underlying

Main benefits at a glance

- Autocall feature potentially shortens the tenor of the Note
- Early redemption feature provides a cash-out opportunity at regular intervals
- Enhanced returns compared to a direct investment in slightly negative market conditions

Main risks at a glance

- Redemption potentially linked to the negative underlying performance if the barrier is touched or breached at expiry
- In case of an Early Redemption Event, the potential return is limited to the exit rate payment
- You are fully exposed to the default risk of the issuer

Investment Rationale

The Note is a structured product belonging to the "Optimisation" category. It is suitable for investors who are moderately bullish on all underlying instruments, but also want to enhance return thanks to a high autocall coupon. The Autocallable Notes provide early call opportunities. Upon autocall, the Note will be early redeemed with 100.00% of the nominal amount plus a rebate in the form of a variable coupon equal to n*10.00% per year, n being the observation at which it is early redeemed.

In addition, the Notes come with a knock-in feature which provides conditional protection (if not early called) (the "Knock-in feature"). This product description aims to explain only those Notes with knock-in and autocall features.

Table 1—Illustration of Autocall

Annually Observation Date	Early Redemption Level	Early Redemption Coupon
1st	100.00%	10.00%
2nd	100.00%	20.00%
3rd	100.00%	30.00%
4th	100.00%	40.00%
5th	100.00%	50.00%

Scenario Analysis

Return on Investment (ROI) on the redemption date

Assumptions: No early redemption prior to expiration date, autocall level 100.00%, barrier level 50.00%, absolute downside participation 100.00% (100.00% participation if barrier event occurs)

Worst Performing Index on the expiration date	Redemption amount if barrier event occurs*	Redemption amount if barrier event does not occur*
Change		
100.00%	na	150.00%
50.00%	na	150.00%
20.00%	na	150.00%
0.00%	na	150.00%
-20.00%	na	100.00%
-40.00%	na	100.00%
-50.00%	50.00%	na
-100.00%	0.00%	na

Note: For illustrative purposes only

* In percentage of Notional

Scenario 1: Early Redemption with coupon

If on any annual observation date (including Expiration Date), the worst performing underlying closes at or above its autocall level, the Note will be redeemed immediately, and you will get back your principal plus a coupon according to table 1.

Scenario 2: Redemption at maturity with capital reimbursement

As long as all underlyings do not have a closing level at or below the barrier on the Expiration Date and no early redemption event occurred, you will receive 100.00% of the nominal invested even if the worst performing underlying closes below the autocall level on the Expiration Date. Besides, if the worst performing underlying closes above its autocall level, you will receive 100.00% of the nominal invested plus a coupon of 50.00%.

Scenario 3: Full Downside Risk (Barrier touched)

There is no protection against falling prices if the worst performing underlying has a closing level at or below the barrier at any time. You will be fully exposed to the negative performance of the worst performing underlying. In a worst case scenario, this position becomes worthless and you would lose all of the invested capital.

Product Suitability

Market View

You expect all underlyings to increase up to the Expiration Date and do not expect the price to fall substantially during the lifetime of the product. In any case, you expect that no barrier event occurs. In addition, you accept that the product redeems early if all underlyings close at or above the early redemption level on any of the observation dates, paying back 100% of the Nominal in cash plus an autocall coupon.

You wish to have exposure to GBP. If the currency of the product is different from your reference currency, the return may increase or decrease as a result of currency fluctuations.

Investment Horizon

You have a maximum investment horizon of 5 years and are willing to accept a potential early redemption.

Risk Tolerance

You are an experienced investor and are familiar with both structured products and equity indices.

You **do not** require predetermined, regular coupon income as your objective is appreciation of assets in the long term.

You **do not** require capital protection and you are conscious of making an investment that is exposed to the full downside of all underlyings.

You should hold this product as part of a diversified portfolio and avoid any significant concentration risk in regards to the underlyings and/or the issuer / guarantor.

Risks

Product-specific Risks

You are aware that if at least one underlying closes at expiry at or below the barrier level at, the capital is at risk. You may lose some or all of the invested capital, as you are fully exposed to any decline in the level of all underlyings.

You will not receive the benefit of dividends or other income that may be paid on the underlyings.

Should the product be redeemed early, you are exposed to a reinvestment risk.

Credit Risk

All structured products are subject to the creditworthiness of the issuer and/or guarantor (if applicable). You bear the credit risk of UBS AG.

Valuation: Should the quality and/or the credit rating of the issuer deteriorate over the lifetime of the investment, the value of the product may be affected. Whilst a fall in value alone would not impact any redemption amount paid on the redemption date, it could affect the proceeds of an early redemption or sale in the secondary market.

Default: You are fully exposed to the default risk of the issuer.

Liquidity/Early Termination

The lead manager intends, but is not obliged, to provide a daily secondary market under normal market conditions. The assessment of normal market conditions and the provision of a secondary market are at the issuer / lead manager's discretion or follow rules of the exchange where listed, in case of listed notes.

By selling in the secondary market you may receive less than the capital invested.

The product may contain terms and conditions that allow the issuer to determine or adjust in its absolute discretion the value of the underlyings if certain market disruption events, index adjustments, tax redemptions, corporate events or other circumstances affecting normal activities occur (please see term sheet for details). Such terms and conditions may also allow the issuer to close the product at an amount determined by the calculation agent. This early termination amount is usually equivalent to the prevailing mark-to-market value.

Market Risk

Prior to the redemption date, the pricing behaviour of the product, including the bid/ask spread, will be influenced not only by the level of the underlyings but also by other risk factors such as interest rates, volatilities and credit quality of the issuer/guarantor.

Therefore, the product may trade considerably below 100.00% during the lifetime of the product even without the underlyings trading at or below the barrier level.

About UBS

Headquartered in Zurich and Basel, Switzerland, UBS has offices in more than 50 countries, including all major financial centers, and employs approximately 65,000 people. UBS AG is the parent company of the UBS Group (Group). The operational structure of the Group comprises the Corporate Center and four business divisions: Wealth Management & Swiss Bank, Wealth Management Americas, Global Asset Management and the Investment Bank.

Offering world-class distribution and execution across investment banking, equities, and fixed income, rates, foreign exchange and metals, UBS Investment Bank is a powerful combination of global strength and local insight.

Our investment bankers, salespeople and research analysts, supported by risk and logistics teams, deliver expertise and superb execution to clients all over the world. Through a deep understanding of our clients' needs, we draw on our extensive network of global resources to deliver effective ideas, innovative solutions and exceptional levels of service to help them achieve their financial objectives.

Awards

Investment Banking

Corporate Broker of the Year
Acquisitions Monthly, 2010

Best M&A Deal
Global Finance, 2011

Best M&A House—Switzerland
Euromoney, 2011

Best M&A House, Asia
Euromoney, 2011

Best TMT Sector Adviser of the Year
Acquisitions Monthly, 2008–2010

Equities

No.1 for European Equity Trading Quality
Greenwich Associates, 2011

No.1 for Pan-European Equity & Equity-Linked Sales
Thomson Reuters Extel, 2002-2011

Best Equity House—Switzerland
Euromoney, 2010–2011

No.1 All-Europe Research Team, UK
Institutional Investor, 2011

Pan European Equity House
Thomson Reuters Extel, 2011

Fixed Income, Foreign Exchange and Precious Metals

No.1 Dealer—Gold Spot and Options
Risk, 2011

Best Post Trade Services
Profit & Loss, 2010–2011

No.2 FX House for Banks
Euromoney, 2010–2011

UBS Delta: Most Innovative Actuarial Software
Life and Pension, 2010



Investment Banking

The Investment Bank consists of two core client segments. The first is Corporate Client Solutions, which includes all advisory and solutions businesses, origination, structuring and execution – including equity and debt capital markets – that involve corporate, financial institutions and sponsor clients. The second is Investor Client Services, which includes execution, distribution and trading for institutional investors, and provides support to UBS's wealth management businesses. It will comprise UBS's leading equities businesses, together with FX and precious metals. We will maintain flow rates and credit facilitation capabilities aligned to our debt capital market business and wealth management franchises.

DISCLAIMER INFORMATION

This material has been prepared by UBS AG or an affiliate ("UBS").

This material is for distribution only as permitted by law. It is not prepared for the needs of any specific recipient. It is published solely for information and is not a solicitation or offer to buy or sell any securities or related financial instruments ("Instruments"). UBS makes no representation or warranty, either express or implied, on the completeness or reliability of the information contained in this document ("Information") except that concerning UBS AG and its affiliates. The Information should not be regarded by recipients as a substitute for using their own judgment. Any opinions expressed in this material may change without notice and may be contrary to opinions expressed by other business areas of UBS as a result of using different assumptions or criteria. UBS is under no obligation to update the Information. UBS, its officers, employees or clients may have or have had an interest in the Instruments and may at any time transact in them. UBS may have or have had a relationship with entities referred to in the Information. Neither UBS nor any of its affiliates, or their officers or employees, accepts any liability for any loss arising from use of the Information.

This presentation is not a basis for entering into a transaction. Any transaction between you and UBS will be subject to the detailed provisions of the term sheet, confirmation or electronic matching systems relating to that transaction. Clients wishing to effect transactions should contact their local sales representative.

For Instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries may act as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the Instrument.

United Kingdom and the rest of Europe: Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients (as detailed in the FSA Rules) and is only available to such persons. The Information does not apply to, and should not be relied upon by, retail clients. UBS Limited is regulated by the FSA. **France**: Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France S.A. UBS Securities France S.A. is regulated by the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this material, the material is also deemed to have been prepared by UBS Securities France S.A. **Germany**: Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt fur Finanzdienstleistungsaufsicht (BaFin). **Spain**: Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Russia**: Prepared and distributed by ZAO UBS Securities. **Switzerland**: These materials are distributed in Switzerland by UBS AG to persons who are institutional investors only. **Italy**: Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A.. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this material, the material is also deemed to have been prepared by UBS Italia Sim S.p.A..

This analysis has been provided to you by UBS AG and/or affiliates, for informational purposes only and should not be used in substitution for the exercise of independent judgement. The assumptions and parameters used are not the only ones that might reasonably have been selected and therefore no guarantee is given as to the accuracy, completeness or reasonableness of any such quotations, disclosure or analyses. The analysis is based in part on information and market data which may be subject to change. UBS shall not be under any obligation to update the analysis. No representation or warranty is made that any indicative performance or return indicated will be achieved in the future. Furthermore, no representation or warranty, express or implied, is made by UBS AG and/or affiliates as to the accuracy, completeness, or fitness for any particular purpose of the analysis or calculation methodology used. Under no circumstances shall UBS AG and/or affiliates have any liability for a) any loss, damage or other injury in whole or in part caused by, resulting from or relating to, any error (negligent or otherwise) of UBS AG and/or affiliates in connection with the compilation, methodology, interpretation, communication, publication or delivery of this analysis, or b) any direct, indirect, special, consequential, incidental or compensatory damages whatsoever (including, without limitation, lost profits), in either case caused by reliance upon or otherwise resulting from or relating to the use of (including the inability to use) this analysis.

Scenario Analysis: This analysis has been provided to you by UBS AG and/or affiliates, for informational purposes only and should not be used in substitution for the exercise of independent judgement. The assumptions and parameters used are not the only ones that might reasonably have been selected and therefore no guarantee is given as to the accuracy, completeness or reasonableness of any such quotations, disclosure or analyses. The analysis is based in part on information and market data which may be subject to change. UBS shall not be under any obligation to update the analysis. No representation or warranty is made that any indicative performance or return indicated will be achieved in the future. Furthermore, no representation or warranty, express or implied, is made by UBS AG and/or affiliates as to the accuracy, completeness, or fitness for any particular purpose of the analysis or calculation methodology used. Under no circumstances shall UBS AG and/or affiliates have any liability for a) any loss, damage or other injury in whole or in part caused by, resulting from or relating to, any error (negligent or otherwise) of UBS AG and/or affiliates in connection with the compilation, methodology, interpretation, communication, publication or delivery of this analysis, or b) any direct, indirect, special, consequential, incidental or compensatory damages whatsoever (including, without limitation, lost profits), in either case caused by reliance upon or otherwise resulting from or relating to the use of (including the inability to use) this analysis.

UBS®. 2013 All rights reserved. UBS prohibits the redistribution of any of the Information without the permission of UBS.