5yr autocallable notes on Halliburton Co, BAE Systems PLC, Berkshire Hathaway INC-CL B, Royal Dutch Shell PLC-A SHS

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 and can provide an enhanced return compared to a direct investment 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	30 September 2013
Issue date	07 October 2013
Expiration date	01 October 2018
Redemption date	08 October 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 event occurs
Coupon	3.75% p.q, payable only in case of an early redemption event
Barrier event	If the worst performing underlying closes at or below the barrier level on the Expiration Date
Early redemption event	If on any observation date all the underlyings close at or above the early redemption level of 100% (including Expiration Date)
Early redemption observation dates	Quarterly
Underlyings	HAL UN, BA/ LN, BRK/B UN, RDSA NA
ISIN	XS0966597410

Product description

The Worst Of Autocallables are structured products and offer solutions for investors with medium to higher risk tolerances, 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 has occured and a barrier event occurs at expiry, the payout is linked to the performance of the worst performing underlying on the Expiration Date (without currency impact):

- **If on the Expiration Date all the 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.
- **If an early redemption event has not occurred and**
  - if all underlyings do not close at or below the barrier level on the Expiration Date, you will receive 100.00% of the nominal value at Redemption Date
  - if any underlying closes at or below the barrier level on the Expiration Date, 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 positive or stable markets.

Main risks at a glance

- Redemption potentially linked to the negative underlying performance if the barrier is touched or breached on the Expiration Date.
- 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 the 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*3.75% per quarter, 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.

Scenario analysis

Return on Investment (ROI) on the redemption date

Assumptions: No early redemption prior to expiration date, strike level 100.00%, barrier level 60.00%, absolute downside participation 100.00% (100.00% participation if barrier event occurs)



Scenario 1: Autocall with coupon

If on the Expiration Date, the worst performing underlying closes at or above its strike 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 any of the underlyings does not close at or below their respective barrier level 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 strike level on the Expiration Date. Besides, if the worst performing underlying closes above its strike level, you will receive 100.00% of the nominal invested plus a coupon of 75.00%.

Worst Performing Name on the expiration date	Redemption amount if barrier event occurs	Redemption amount if barrier event does not occur
Chg %		
100.00%	na	175.00%
50.00%	na	175.00%
20.00%	na	175.00%
0.00%	na	175.00%
-20.00%	na	100.00%
-30.00%	na	100.00%
-40.00%	60.00%	na
-100.00%	0.00%	na

Source: UBS

Note: For illustrative purposes only

Table 1—Illustration of autocall

Quarterly Observation Date	Autocall Level	Autocall Coupon
1st	100.00%	3.75%
2nd	100.00%	7.50%
3rd	100.00%	11.25%
4th	100.00%	15.00%
5th	100.00%	18.75%
…	…	…
18th	100.00%	67.50%
19th	100.00%	71.25%
20th	100.00%	75.00%

Scenario 3: Full downside risk (barrier touched)

There is no protection against falling prices if the worst performing underlying closes at or below the barrier level on the Expiration Date. 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 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 both 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, equity markets.

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 the 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 on the Expiration Date at or below the barrier level, 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 the 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% on the Expiration Date 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, 2010-2012

No.1 for Pan-European Equity & Equity-Linked Sales
Thomson Reuters Extel, 2002-2012

Best Equity House—Switzerland
Euromoney, 2010–2011

Top 2 All-Europe Research Team,
Institutional Investor, 2002-2013

Pan European Equity House
Thomson Reuters Extel, 2004 - 2012

Fixed income, foreign exchange and precious metals

No.1 Dealer—Gold & Silver Spot
Risk, 2011, 2012, 2013

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

Using innovative structures and creative solutions, UBS provides first-class advice and execution services to corporations, financial sponsors and hedge funds. Our advisory group assists on transactions and advises on strategic reviews and corporate restructuring solutions, while our capital markets and leveraged finance teams arrange the execution of primary and secondary equity, as well as debt issues worldwide.

Equities

A leading participant in the global primary and secondary markets for equity, equity-linked and equity derivative products, the Equities business area distributes, trades, finances and clears cash equity and equity-linked products. It also structures, originates and distributes new equity and equity-linked issues and provides research on companies, industry sectors, geographical markets and macroeconomic trends.

Fixed income, currencies and commodities

Across Fixed Income, Currencies and Commodities, we service corporate, institutional, public sector and private banking clients. We provide outstanding client service in Origination and Distribution, risk management and provide liquidity in FX, Rates, Credit and Emerging Markets.

DISCLAIMER

By accepting this document, the recipient agrees to be bound by the following obligations and limitations.

This presentation has been prepared by UBS AG and/or its subsidiaries, branches or affiliates (together, "UBS") for the exclusive use of the party to whom UBS delivers this presentation (the "Recipient"). The information in this presentation has been obtained from the Recipient and other publicly available sources and has not been independently verified by UBS or any of its directors, officers, employees, agents, representatives or advisers or any other person. UBS has relied on the Recipient to (i) provide UBS with all information relevant for the purposes of the presentation, and (ii) ensure that such information is and remains complete, true and accurate in all material respects and is not misleading, whether by omission or otherwise. No representation, warranty or undertaking, express or implied, is or will be given by UBS or its directors, officers, employees and/or agents as to or in relation to the accuracy, completeness, reliability or sufficiency of the information contained in this presentation or as to the reasonableness of any assumption contained therein, and to the maximum extent permitted by law and except in the case of fraud, UBS and each of its directors, officers, employees and agents expressly disclaim any liability which may arise from this presentation and any errors contained therein and/or omissions therefrom or from any use of the contents of this presentation.

This presentation should not be regarded by the Recipient as a substitute for the exercise of its own judgment and the Recipient is expected to rely on its own due diligence if it wishes to proceed further.

The valuations, projections, estimates, forecasts, targets, prospects, returns and/or opinions contained herein involve elements of subjective judgment and analysis. Any opinions expressed in this material are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. This presentation may contain forward-looking statements. UBS gives no undertaking and is under no obligation to update these forward-looking statements for events or circumstances that occur subsequent to the date of this presentation or to update or keep current any of the information contained herein and this presentation is not a representation by UBS that it will do so. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and stock performance) are based upon the best judgment of UBS from the information provided by the Recipient and other publicly available information as of the date of this presentation. Any statements, estimates, projections or other pricing are accurate only as at the date of this presentation. There is no guarantee that any of these estimates or projections will be achieved. Actual results will vary from the projections and such variations may be material.

Nothing contained herein is, or shall be relied upon as, a promise or representation as to the past or future. This presentation speaks as at the date hereof (unless an earlier date is otherwise indicated in the presentation) and in giving this presentation, no obligation is undertaken and nor is any representation or undertaking given by any person to provide the recipient with additional information or to update, revise or reaffirm the information contained in this presentation or to correct any inaccuracies therein which may become apparent.

This presentation has been prepared solely for informational purposes and is not to be construed as a solicitation, invitation or an offer by UBS or any of its directors, officers, employees or agents to buy or sell any securities or related financial instruments or any of the assets, business or undertakings described herein and no legal relations shall be created. The Recipient should not construe the contents of this presentation as legal, tax, accounting or investment advice or a personal recommendation. The Recipient should consult its own counsel, tax and financial advisers as to legal and related matters concerning any transaction described herein. This presentation does not purport to be all-inclusive or to contain all of the information that the Recipient may require. No investment, divestment or other financial decisions or actions should be based solely on the information in this presentation.

This presentation has been prepared on a confidential basis solely for the use and benefit of the Recipient. Distribution of this presentation to any person other than the Recipient and those persons retained to advise the Recipient, who agree to maintain the confidentiality of this material and be bound by the limitations outlined herein, is unauthorized. This material must not be copied, reproduced, published, distributed, passed on or disclosed (in whole or in part) to any other person or used for any other purpose at any time without the prior written consent of UBS; save that the Recipient and any of its employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the Recipient relating to such tax treatment and tax structure. UBS shall be free to disclose all or part of the presentation as required by any law, regulation or order of a court or pursuant to an order, requirement or request of a regulatory body having authority over UBS (including the FSA), or pursuant to governmental action, or necessary in the view of UBS to seek to establish any defence in any legal or regulatory proceeding or investigation or otherwise to comply with its own regulatory obligations.

By accepting this presentation, the Recipient acknowledges and agrees that UBS is acting, and will at all times act, as an independent contractor on an arm's length basis and is not acting, and will not act, in any other capacity, including in a fiduciary capacity, with respect to the Recipient. UBS may only be regarded by you as acting on your behalf as financial adviser or otherwise following the execution of appropriate documentation between us on mutually satisfactory terms.

UBS may from time to time, as principal or agent, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, research, securities issuance, trading (customer and proprietary) and brokerage), have long or short positions in, or may trade or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this presentation relates. UBS's banking, trading and/or hedging activities may have an impact on the price of the underlying asset and may give rise to conflicting interests or duties. UBS may provide services to any member of the same group as the Recipient or any other entity or person (a "Third Party"), engage in any transaction (on its own account or otherwise) with respect to the Recipient or a Third Party, or act in relation to any matter for itself or any Third Party, notwithstanding that such services, transactions or actions may be adverse to the Recipient or any member of its group, and UBS may retain for its own benefit any related remuneration or profit.

This presentation may contain references to research produced by UBS. Research is produced for the benefit of the firm's investing clients. The primary objectives of each analyst in the research department are: to analyse the companies, industries and countries they cover and forecast their financial and economic performance; as a result, to form opinions on the value and future behaviour of securities issued by the companies they cover; and to convey that information to UBS' investing clients. Each issuer is covered by the Research Department at its sole discretion. The Research Department produces research independently of other UBS business areas and UBS AG business groups.

© UBS 2013. All rights reserved. UBS specifically prohibits the redistribution of this material and accepts no liability whatsoever for the actions of third parties in this respect.

UBS MAY TRANSFER INFORMATION RELATING TO THIS PROJECT TO STAFF MEMBERS LOCATED OUTSIDE OF SWITZERLAND. SUCH INFORMATION IS NO LONGER PROTECTED BY SWISS BANKING SECRECY. HOWEVER, UBS WILL CONTINUE TO TREAT SUCH INFORMATION AS CONFIDENTIAL.

Contact information

UBS Limited London, Swiss Branch
Opfikon
Europastrasse 1
PO Box
8098 Zürich
Tel. +41-44-239 77 60

www.ubs.com

UBS Limited London, Swiss Branch is a subsidiary of UBS AG

UBS