

UBS AG, ACTING THROUGH ITS LONDON BRANCH

(Incorporated with limited liability in Switzerland)

NOTICE TO WARRANTHOLDERS

- To : (1) ALL HOLDERS OF EUROPEAN STYLE INDEX CALL WARRANTS RELATING TO THE HANG SENG INDEX ISSUED BY UBS AG, ACTING THROUGH ITS LONDON BRANCH (HSI 23000 UB ECW141230);
- (2) ALL HOLDERS OF EUROPEAN STYLE INDEX CALL WARRANTS RELATING TO THE HANG SENG INDEX ISSUED BY UBS AG, ACTING THROUGH ITS LONDON BRANCH (HSI 24000 UB ECW141230);
- (3) ALL HOLDERS OF EUROPEAN STYLE INDEX CALL WARRANTS RELATING TO THE HANG SENG INDEX ISSUED BY UBS AG, ACTING THROUGH ITS LONDON BRANCH (HSI 24600 UB ECW141230);
- (4) ALL HOLDERS OF EUROPEAN STYLE INDEX CALL WARRANTS RELATING TO THE HANG SENG INDEX ISSUED BY UBS AG, ACTING THROUGH ITS LONDON BRANCH (HSI 26000 UB ECW141230);
- (5) ALL HOLDERS OF EUROPEAN STYLE INDEX PUT WARRANTS RELATING TO THE HANG SENG INDEX ISSUED BY UBS AG, ACTING THROUGH ITS LONDON BRANCH (HSI 23800 UB EPW141230); AND
- (6) ALL HOLDERS OF EUROPEAN STYLE INDEX PUT WARRANTS RELATING TO THE HANG SENG INDEX ISSUED BY UBS AG, ACTING THROUGH ITS LONDON BRANCH (HSI 25000 UB EPW141230).

Notice is hereby given by UBS AG ("**UBS AG**" or the "**Issuer**") acting through its London Branch in respect of:

- (a) the European Style Index Call Warrants relating to the Hang Seng Index (HSI 23000 UB ECW141230) (the "**HSI 23000 Call Warrants**");
- (b) the European Style Index Call Warrants relating to the Hang Seng Index (HSI 24000 UB ECW141230) (the "**HSI 24000 Call Warrants**");
- (c) the European Style Index Call Warrants relating to the Hang Seng Index (HSI 24600 UB ECW141230) (the "**HSI 24600 Call Warrants**");
- (d) the European Style Index Call Warrants relating to the Hang Seng Index (HSI 26000 UB ECW141230) (the "**HSI 26000 Call Warrants**", together with the HSI 23000 Call Warrants, the HSI 24000 Call Warrants and the HSI 24600 Call Warrants, the "**HSI Call Warrants**");
- (e) the European Style Index Put Warrants relating to the Hang Seng Index (HSI 23800 UB EPW141230) (the "**HSI 23800 Put Warrants**"); and

- (f) the European Style Index Put Warrants relating to the Hang Seng Index (HSI 25000 UB EPW141230) (the “**HSI 25000 Put Warrants**”, together with the HSI 23800 Put Warrants, the “**HSI Put Warrants**”),

(together, the “**Warrants**”) on the following:

Terms defined or construed in (i) the Supplemental Listing Documents dated 16 July 2014 in relation to the HSI 23000 Call Warrants, the HSI 24600 Call Warrants and the HSI 23800 Put Warrants, (ii) the Supplemental Listing Documents dated 15 August 2014 in relation to the HSI 26000 Call Warrants and the HSI 25000 Put Warrants and (iii) the Supplemental Listing Document dated 19 September 2014 in relation to the HSI 24000 Call Warrants issued by UBS AG bear the same meaning and construction in this Notice.

EXPIRY OF WARRANTS

In accordance with the terms and conditions of each of the Warrants, the Warrants have expired today:

Warrant	Expiry Date	Strike Level	Conversion Ratio
HSI 23000 Call Warrants	30 December 2014	23,000	0.001
HSI 24000 Call Warrants	30 December 2014	24,000	0.001
HSI 24600 Call Warrants	30 December 2014	24,600	0.001
HSI 26000 Call Warrants	30 December 2014	26,000	0.001
HSI 23800 Put Warrants	30 December 2014	23,800	0.001
HSI 25000 Put Warrants	30 December 2014	25,000	0.001

The Warrants are cash-settled warrants which entitle a Warrantholder to be paid a cash settlement amount (if positive) (the “**Cash Settlement Amount**”) in accordance with the terms and conditions of each of the Warrants.

The Warrants may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Warrantholders shall not be required to deliver an exercise notice. Exercise of Warrants shall be determined by the Closing Level of the Index. In respect of the HSI Call Warrants, if the Closing Level of the Index is greater than the Strike Level and the Cash Settlement Amount (less any Exercise Expenses) is positive, all the HSI Call Warrants shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. In respect of the HSI Put Warrants, if the Strike Level is greater than the Closing Level of the Index and the Cash Settlement Amount (less any Exercise Expenses) is positive, all the HSI Put Warrants shall be deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Warrants shall be paid in the manner set out in the terms and conditions of the Warrants.

In respect of the HSI Call Warrants, in the event the Closing Level of the Index is less than or equal to the Strike Level and the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all the HSI Call Warrants shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the

Expiry Date is not a Business Day, the immediately preceding Business Day. In respect of the HSI Put Warrants, in the event the Strike Level is less than or equal to the Closing Level of the Index and the Cash Settlement Amount (less any Exercise Expenses) is zero or negative, all the HSI Put Warrants shall be deemed to have expired at 5:00 p.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the Warrants.

As the Cash Settlement Amounts (less any Exercise Expenses) for the HSI 23000 Call Warrants, the HSI 23800 Put Warrants and the HSI 25000 Put Warrants are positive, the HSI 23000 Call Warrants, the HSI 23800 Put Warrants and the HSI 25000 Put Warrants are deemed to have been automatically exercised at 5:00 p.m. (Singapore time) on 30 December 2014.

As the Cash Settlement Amounts (less any Exercise Expenses) for the HSI 24000 Call Warrants, the HSI 24600 Call Warrants and the HSI 26000 Call Warrants are zero, the HSI 24000 Call Warrants, the HSI 24600 Call Warrants and the HSI 26000 Call Warrants are deemed to have expired at 5:00 p.m. (Singapore time) on 30 December 2014 and Warrantholders shall not be entitled to receive any payment from the Issuer in respect of the HSI 24000 Call Warrants, the HSI 24600 Call Warrants and the HSI 26000 Call Warrants.

Accordingly, a holder of a Warrant is entitled to receive (less any Exercise Expenses):

Warrant	Cash Settlement Amount per Warrant ¹
HSI 23000 Call Warrants	S\$0.09783368
HSI 24000 Call Warrants	S\$0
HSI 24600 Call Warrants	S\$0
HSI 26000 Call Warrants	S\$0
HSI 23800 Put Warrants	S\$0.03851988
HSI 25000 Put Warrants	S\$0.24305022

which will be paid in the manner set out in the terms and conditions of each of the Warrants.

Issued by
UBS AG, ACTING THROUGH ITS LONDON BRANCH

30 December 2014

¹ Warrantholders will be paid the aggregate Cash Settlement Amount less any Exercise Expenses.