UBS AG
Form 424B2
November 01, 2018

Underlier-Linked Notes

Linked to

An Exchange-Traded Fund,
An Index, or
A Basket of Exchange-Traded Funds and/or Indices

Product Supplement

Dated November 1, 2018

(To Index Supplement dated October 31, 2018

and Prospectus dated October 31, 2018)

Underlier-Linked Notes
Linked to an Exchange-Traded Fund, an Index or a Basket of Exchange-Traded Funds and/or Indices

UBS AG from time to time may offer and sell Underlier-Linked Notes, which we refer to as "notes", which will be linked to (i) an exchange-traded fund (an "ETF underlier"), (ii) an index (an "index underlier") (each ETF underlier and index underlier, an "underlier" and together, the "underliers") or (iii) a weighted basket of ETF underliers and/or index underliers (a "basket of underliers"). This product supplement describes some of the general terms that may apply to the notes and the general manner in which they may be offered. The specific terms of any notes that we offer, including the name of the specified underlier, or in the case of a weighted basket of underliers (each a "basket underlier" and together, the "basket underliers"), the names of the underliers comprising the basket of underliers to which the return on the notes is linked and the specific manner in which such notes may be offered, will be described for each particular offering of the notes in an applicable pricing supplement to this product supplement (the "applicable pricing supplement"). If there is any inconsistency between the terms described in the applicable pricing supplement and those described in this product supplement, the index supplement or the accompanying prospectus, the following hierarchy will govern: first, the applicable pricing supplement; second, this product supplement; third, the index supplement; and last, the accompanying prospectus. In this product supplement, a basket underlier that is an ETF is sometimes referred to as an "ETF basket underlier" and a basket underlier that is an index is sometimes referred to as an "index basket underlier".

The terms of any particular note will be set forth in the applicable pricing supplement and may supplement, modify or supersede the terms specified herein. For example, the notes may bear interest, if any, at a fixed rate or a floating rate, as specified in the applicable pricing supplement. The amount payable at maturity, or such other date(s) specified in the applicable pricing supplement, on your notes is linked to the performance of a specified underlier or a weighted basket of underliers, as specified and described in the applicable pricing supplement, measured over the life of the notes. On the stated maturity date, for each of your notes, you will be paid the cash settlement amount, if any. The cash settlement amount is subject to any adjustments or modifications as provided in this product supplement and the applicable pricing supplement for your notes.

The return on your notes at maturity will be based on the performance of the underlier or basket of underliers, as applicable, as measured by the percentage change in the closing level of the specified underlier or the weighted average of the closing levels of the basket underliers, as applicable, on the determination date or each averaging date, as applicable (the "final underlier level" or "final basket level", as applicable, subject to adjustments as described elsewhere in this product supplement), from the initial underlier level or initial basket level (the "initial underlier level" or "initial basket level", as applicable subject to adjustments as described elsewhere in this product supplement) which will be specified in the applicable pricing supplement and, with respect to the initial underlier level, may be higher or lower than the actual closing level of the underlier on the trade date. We refer to this percentage change as the "underlier return" or "basket return", as applicable. **If the underlier return or basket return is less than 0%, or if the final underlier or final basket level is less than the buffer level, if a buffer level applies to your notes, you would lose a portion of your investment in the notes and you may lose your entire investment, depending on the performance of the underlier or the basket of underliers.**

The cash settlement amount will be an amount in cash equal to:

- if the final underlier or final basket level is greater than the initial underlier or initial basket level, the face amount of a note plus an additional amount equal to the product of the upside participation rate (which will be a positive percentage that may be less than 100%, as specified in the applicable pricing supplement) times 1% of the face amount of a note for every 1% positive underlier or basket return, subject to the cap level if one is specified in the applicable pricing supplement; any increase in the final underlier or final basket level over the cap level will not increase the cash settlement amount;

- if the applicable pricing supplement specifies a buffer level (which will be a positive amount equal to a percentage of the initial underlier or initial basket level, as specified in the applicable pricing supplement), and if the final underlier or final basket level is less than or equal to the initial underlier or initial basket level but greater than or equal to the buffer level, the face amount of a note; if the applicable pricing supplement specifies a buffer level, and if the final underlier or final basket level is less than the buffer level, the face amount of a note minus an amount equal to the product of the buffer rate (which will be a percentage greater than or equal to 100%, as specified in the applicable pricing supplement) times 1% of the face amount of a note for every 1% negative underlier or basket return below the underlier or basket return in excess of the buffer amount; or

- if the applicable pricing supplement does not specify a buffer level, and if the final underlier or final basket level is equal to the initial underlier or initial basket level, the face amount of a note; if the applicable pricing supplement does not specify a buffer level, and if the final underlier or final basket level is less than the initial underlier or initial basket level, the face amount of a note minus an amount equal to 1% of the face amount of a note for every 1% negative underlier or basket return.

Therefore, if the applicable pricing supplement specifies a buffer level, to the extent that the final underlier or final basket level declines below the buffer level, the rate of decline in the amount you will be paid on your notes, if any, on the stated maturity date may exceed the rate of decline in the applicable underlier or basket of underliers. **You could lose all or a substantial portion of your investment in the notes, even if the applicable pricing supplement specifies a buffer level. A final underlier or final basket level below the buffer level or initial underlier or initial basket level, as the case may be, will reduce the amount you will receive on your notes, if any, on the stated maturity date below the face amount of your notes.** In addition, if the upside participation rate for your notes is less than 100%, the rate of increase in the amount you will be paid on your notes on the stated maturity date will be less than the rate of increase in the applicable underlier or basket of underliers from the initial underlier or initial basket level, as applicable, set on the trade date to the final underlier or final basket level, as applicable, determined on the determination date. Furthermore, if the applicable pricing supplement specifies a cap level, the amount you will be paid on your notes on the stated maturity date will be capped and may not reflect the full increase in the underlier or basket level multiplied by the upside participation rate.

Any payment on the notes, 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 notes and you could lose your entire investment.

The general terms of the notes are described in this product supplement and, except as otherwise specified in the applicable pricing supplement, include the following:

Issuer:	UBS AG ("UBS")
Booking Branch:	The booking branch of UBS will be specified in the applicable pricing supplement
Face Amount:	Each note will have a face amount equal to $1,000, and integral multiples of $1,000 in excess thereof
Underlier or basket underliers:	As specified and described in the applicable pricing supplement
Cash settlement amount:	On the stated maturity date, for each of your notes the issuer will pay you an amount in cash calculated as described under "General Terms of the Notes—Payment of Cash Settlement Amount on Stated Maturity Date" on page PS-46
Stated maturity date:	As specified in the applicable pricing supplement, subject to postponement as described below in "General Terms of the Notes – Stated Maturity Date" on page PS-49
Determination date:	As specified in the applicable pricing supplement, subject to postponement as described below in "General Terms of the Notes – Determination Date" on page PS-49
Interest rate (coupon)(if any):	None unless specified in the applicable pricing supplement
Interest payment dates:	None unless specified in the applicable pricing supplement
Interest reset dates:	None unless specified in the applicable pricing supplement
No Listing:	The notes will not be listed or displayed on any securities exchange or any electronic communications network
Calculation Agent:	UBS Securities LLC

The applicable pricing supplement will describe the specific terms of the notes, including any changes or additions to the terms specified in this product supplement.

See "Risk Factors" beginning on page PS-31 of this product supplement for risks related to an investment in the notes.

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 product supplement, the index supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The notes are not bank deposits and are not insured by the Federal Deposit Insurance Company or any other governmental agency.

UBS Investment Bank UBS Securities LLC
Product Supplement dated November 1, 2018

ADDITIONAL INFORMATION ABOUT THE UNDERLIER-LINKED NOTES

You should read this product supplement together with the prospectus dated October 31, 2018, titled "Debt Securities and Warrants", relating to our Medium-Term Notes, Series B, of which the notes are a part, the index supplement dated October 31, 2018, which contains information about certain indices to which particular categories of debt securities and warrants that we may offer, including the notes, may be linked, and any applicable pricing supplement related to the notes that we may file with the Securities and Exchange Commission ("SEC") from time to time. You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Prospectus dated October 31, 2018: http://www.sec.gov/Archives/edgar/data/1114446/000119312518314003/d612032d424b3.htm
- Index Supplement dated October 31, 2018: http://www.sec.gov/Archives/edgar/data/1114446/000091412118002083/ub46174419-424b2.htm

Our Central Index Key, or CIK, on the SEC website is 0001114446.

You should rely only on the information incorporated by reference or provided in this product supplement, the index supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these notes in any state where the offer is not permitted. You should not assume that the information in this product supplement is accurate as of any date other than the date on the front of the document.

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Product Supplement Summary

This product supplement describes terms that will apply generally to the notes. On the trade date for each offering of the notes, UBS AG will prepare a pricing supplement that, in addition to specifying the underlier or the basket of underliers and any changes or additions to the general terms specified below, will also include the specific pricing terms for that issuance. Any applicable pricing supplement should be read in conjunction with this product supplement, the index supplement, if applicable, and the accompanying prospectus.

References to "UBS", "we", "our" and "us" refer only to UBS AG and not to its consolidated subsidiaries. In this product supplement, when we refer to the "notes", we mean Underlier-Linked Notes. Also, references to the "accompanying prospectus" mean the accompanying prospectus dated October 31, 2018. References to the "index supplement" mean the UBS index supplement dated October 31, 2018 of UBS. References to the "applicable pricing supplement" mean the applicable pricing supplement that describes the specific terms of your notes unless the context otherwise requires.

If there is any inconsistency between the terms described in the applicable pricing supplement and those described in this product supplement, the index supplement or the accompanying prospectus, the following hierarchy will govern: first, the applicable pricing supplement; second, this product supplement; third, the index supplement; and last, the accompanying prospectus.

What Are the Underlier-Linked Notes?

The Underlier-Linked Notes ("notes") are medium-term unsubordinated and unsecured debt securities issued by UBS AG whose return is linked to the performance of (i) an exchange-traded fund (an "ETF underlier"), (ii) an index (an "index underlier") (each ETF underlier and index underlier, an "underlier" and together, the "underliers") or (iii) a weighted basket of ETF underliers and/or index underliers (a "basket of underliers"). This product supplement describes some of the general terms that may apply to the notes and the general manner in which they may be offered. The specific terms of any notes that we offer, including the name of the specified underlier, or in the case of a weighted basket of underliers (each a "basket underlier" and together, the "basket underliers"), the names of the underliers comprising the basket of underliers to which the return on the notes is linked, the specific manner in which such notes may be offered and any changes or additions to these general terms, will be described for each particular offering of the notes in an applicable pricing supplement to this product supplement (the "applicable pricing supplement").

Any payment on the notes, 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 notes and you could lose your entire investment.

Payment of Cash Settlement Amount on Stated Maturity Date

Subject to modification as provided in the applicable pricing supplement, on the stated maturity date, we will exchange each of your notes for the cash settlement amount, if any, subject to any adjustments or modifications as described below.

Cash Settlement Amount for Notes With Buffer Level

This subsection entitled "— Cash Settlement Amount for Notes With Buffer Level" is applicable to your notes if the applicable pricing supplement specifies a buffer level for your notes. If the applicable pricing supplement so provides, the buffer level will be a positive amount equal to a specified percentage (less than 100% and greater than 0%) of the initial underlier level or basket level.

In such a case, whether the notes are linked to a single underlier or a weighted basket of underliers, if the final underlier or final basket level, as applicable, is ***greater than*** the initial underlier or initial basket level, the cash settlement amount will equal the face amount of each of your notes *plus* an additional amount equal to the *product* of the upside participation rate (as described below) *times* 1% of the face amount of each of your notes for every 1%

positive underlier or basket return, subject to the cap level (as described below) if one is specified in the applicable pricing supplement. Because the applicable underlier or basket return will be a positive percentage in this case, the cash settlement amount will be greater than the face amount of each of your notes. If, on the other hand, the final underlier or final basket level, as applicable, is ***less than or equal to*** the initial underlier or initial basket level but ***greater than or equal to*** the buffer level, the cash settlement amount will equal the face amount of each of your notes. Further, if the final underlier or final basket level is ***less than*** the buffer level, the cash settlement amount will equal the face amount of each of your notes *minus* an amount equal to the *product* of the buffer rate (as described below) *times* 1% of the face amount of each of your notes for every 1% negative underlier or basket return below the underlier or basket return in excess of the buffer amount. Because the buffer rate will be a positive percentage, the cash settlement amount will be less than the face amount of each of your notes. In addition, unless the applicable pricing supplement otherwise provides, the buffer rate will exceed 100% and therefore the rate of decrease in the cash settlement amount will exceed the rate of decrease in the underlier or basket return, as applicable. In such a case, the cash settlement amount could even be zero. If the applicable pricing supplement specifies that the buffer rate is 100%, the rate of decrease in the cash settlement amount will equal the rate of decrease in the underlier or basket return, as applicable, and the minimum cash settlement amount will equal the buffer amount *times* the face amount of each of your notes.

The upside participation rate will be a positive percentage but may be less than 100%. The upside participation rate indicates the extent to which you will participate in any positive return of the applicable underlier or basket of underliers. For example, if the upside participation rate for your notes were set at 85% and the underlier or basket return were 10%, the cash settlement amount for each of your notes would equal the product of the face amount of each of your notes *times* 108.5% (assuming the cap level is not applicable). If the applicable pricing supplement specifies an upside participation rate that is less than 100%, you will participate in less than the full return of the applicable underlier or basket of underliers over the life of your notes. If the applicable pricing supplement specifies an upside participation rate that equals 100%, you will participate in the full positive return of the applicable underlier or basket of underliers. If the upside participation rate is greater than 100%, you will participate in the return of the applicable underlier or basket of underliers to a greater extent than as measured by such return alone, or in other words, on a leveraged basis, in each case, subject to the cap level (as described below) if one is specified in the applicable pricing supplement.

The buffer rate, which will be a positive percentage, indicates the rate of decrease in the cash settlement amount compared to any rate of decrease in the underlier or basket return, as applicable, below the buffer level. If you purchase notes with a buffer rate greater than 100%, and if the final underlier or final basket level is less than the buffer level, the cash settlement amount, if any, will decrease at a greater rate than the rate of decrease in the underlier or basket return, as applicable. If you purchase notes with a buffer rate equal to 100%, the cash settlement amount will decrease at the same rate as the rate of decrease in the return of the applicable underlier or basket of underliers below the buffer level, and in such a case, the cash settlement amount will be no less than the buffer amount times the face amount of each of your notes.

The return on the applicable underlier or basket of underliers, which we refer to as the underlier return or the basket return, is equal to the percentage, if any, by which the closing level of the applicable underlier or basket of underliers in each case, as determined on the determination date for the notes (which we refer to as the “final underlier level” or “final basket level”), differs from the initial level of such underlier or basket of underliers (which we refer to as the “initial underlier level” or “initial basket level”). The underlier or basket return measures the performance of the applicable underlier or basket of underliers over the life of the notes by measuring the change in the final underlier or final basket level over the initial underlier or initial basket level (as determined on the trade date for the notes). As a result, the cash settlement amount will be based on the level of the underlier or basket of underliers only on the trade date and the determination date and temporary fluctuations in the level of the underlier or basket of underliers during the interim life of the notes may have little, if any, impact on the cash settlement amount, if any, that will be paid at maturity.

Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier

For notes linked to a single underlier, if the final underlier level is ***greater than*** *the initial underlier level*, the cash settlement amount will be calculated as follows:

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cash settlement amount = face amount + (face amount x upside participation rate x underlier return)

, *provided* that the cash settlement amount will be subject to the **maximum settlement amount**, as described under "— Cash Settlement Amount for Notes Subject to Cap Level" below, if a **cap level** is specified in the applicable pricing supplement,

where,

face amount =	unless otherwise specified in the applicable pricing supplement, each note will have a face amount equal to \$1,000, or integral multiples thereof in excess of \$1,000
upside participation rate =	a positive percentage specified in the applicable pricing supplement, which could be greater than, equal to or less than 100%, as specified in the applicable pricing supplement
underlier return =	$\frac{\text{(final underlier level – initial underlier level)}}{\text{initial underlier level}}$, expressed as a percentage
initial underlier level =	the closing level of the underlier on the trade date, or a level of the underlier on the trade date selected by the calculation agent, to be specified in the applicable pricing supplement
final underlier level =	the closing level of the underlier on the determination date, or, if the applicable pricing supplement specifies multiple averaging dates, the arithmetic average of the closing levels of the underlier on each of the specified averaging dates
closing level =	unless otherwise specified in the applicable pricing supplement, as described below under "General Terms of the Notes — Closing Level"

and where,

stated maturity date =	the date specified in the applicable pricing supplement, subject to postponement as described below in "General Terms of the Notes — Stated Maturity Date" and "General Terms of the Notes — Market Disruption Event" or as provided in the applicable pricing supplement
determination date =	the date specified in the applicable pricing supplement or, if the applicable pricing supplement specifies averaging dates, the date of the last averaging date for the notes, in each case subject to postponement as described below in "General Terms of the Notes — Market Disruption Event" or as provided in the applicable pricing supplement
averaging dates =	the dates, if any, that may be specified in the applicable pricing supplement, each subject to postponement as described below under "General Terms of the Notes — Market Disruption Event" or as provided in the applicable pricing supplement

If the final underlier level is ***less than or equal to*** *the initial underlier level but* ***greater than or equal to*** *the buffer level*, the cash settlement amount will equal the face amount of each of your notes.

If the final underlier level is ***less than*** *the buffer level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x buffer rate x (underlier return + buffer amount))

where,

buffer level =	a positive amount specified in the applicable pricing supplement, which is equal to a specified percentage (less than 100% and greater than 0%) of the initial underlier level
buffer rate =	a positive percentage specified in the applicable pricing supplement, which is expected to equal either (i) the quotient of the initial underlier level *divided* by the buffer level, expressed as a percentage, or (ii) 100%
buffer amount =	a positive percentage specified in the applicable pricing supplement, which is expected to equal the *result* of (i) the initial underlier level *minus* the buffer level divided by (ii) the initial underlier level, expressed as a percentage

, therefore, if you purchase notes (i) linked to a single underlier and (ii) with a buffer level, you may lose all or a substantial portion of your initial investment in the notes if the final underlier level is less than the buffer level.

Each of the final underlier level and closing level will be subject to adjustment as described below in "General Terms of the Notes— Market Disruption Event — Consequences of a Market Disruption Event or a Non-Trading Day", and, as applicable, "General Terms of the Notes— Discontinuance of or Adjustments to the Index Underlier or an Index Basket Underlier; Alteration of Method of Calculation" and "General Terms of the Notes— Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier".

With respect to any ETF underlier, each of the initial underlier level, final underlier level, closing level and buffer level also will be subject to adjustment as provided below in "General Terms of the Notes— Antidilution Adjustments for Notes Linked to the ETF Underlier or an ETF Basket Underlier".

Calculation of Cash Settlement Amount for Notes Linked to a Basket of Underliers

For notes linked to a basket of underliers, if the final basket level is **greater than** *the initial basket level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x upside participation rate x basket return),

provided that the cash settlement amount will be subject to the **maximum settlement amount**, as described under "— Cash Settlement Amount for Notes Subject to Cap Level" below, if a **cap level** is specified in the applicable pricing supplement,

where,

initial basket level =	a positive amount specified in the applicable pricing supplement, which is expected to equal 100
weighting percentage =	for each basket underlier, the applicable percentage weight of such basket underlier within the basket of underliers, as set forth in the applicable pricing supplement for your notes; the *sum* of the weighting percentages of all basket underliers will equal 100%
weighting multiplier =	for each basket underlier, a positive amount specified in the applicable pricing supplement, which is expected to equal the *quotient* of (i) the *product* of the initial basket level *times* the weighting percentage for such basket underlier *divided* by (ii) the initial underlier level for such basket underlier; the weighting multipliers will remain constant for the life of the notes
basket closing level =	unless otherwise specified in the applicable pricing supplement, for any given trading day, the *sum* of the *products*, as calculated for each basket underlier, of the closing level for each basket underlier on such trading day *multiplied* by the weighting multiplier for each such basket underlier

for example, in the case of notes linked to the value of a basket of three underliers, A, B and C, the basket closing level on a given trading day will be calculated as follows:

Closing Level of Basket Underlier		Weighting Multiplier
(closing level of Underlier A on such trading day	x	weighting multiplier for Underlier A)
	plus	
(closing level of Underlier B on such trading day	x	weighting multiplier for Underlier B)
	plus	
(closing level of Underlier C on such trading day	x	weighting multiplier for Underlier C)

final basket level =	the basket closing level on the determination date or, if the applicable pricing supplement specifies multiple averaging dates, the arithmetic average of the basket closing levels on each of the specified averaging dates

$$\text{basket return} = \frac{(\text{final basket level} - \text{initial basket level})}{\text{initial basket level}}, \text{ expressed as a percentage}$$

and where,

"face amount", "upside participation rate", "closing level", "determination date", and "averaging dates" are as defined under "- Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier" above.

If the final basket level is ***less than or equal to*** *the initial basket level but* ***greater than or equal to*** *the buffer level*, the cash settlement amount will equal the face amount of each of your notes.

If the final basket level is ***less than*** *the buffer level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x buffer rate x (basket return + buffer amount))

where,

buffer level =	a positive amount specified in the applicable pricing supplement, which is equal to a specified percentage (less than 100% and greater than 0%) of the initial basket level
buffer rate =	a positive percentage specified in the applicable pricing supplement, which is expected to equal either (i) the *quotient* of the initial basket level *divided* by the buffer level, expressed as a percentage, or (ii) 100%
buffer amount =	a positive percentage specified in the applicable pricing supplement, which is expected to equal the *result* of (i) the initial basket level minus the buffer level *divided* by (ii) the initial basket level, expressed as a percentage,

therefore, if you purchase notes (i) linked to a basket of underliers and (ii) with a buffer level, you may lose all or a substantial portion of your initial investment in the notes if the final basket level is less than the buffer level.

Each of the final basket level, basket closing level and weighting multiplier will be subject to adjustment as described below in "General Terms of the Notes — Market Disruption Event — Consequences of a Market Disruption Event or a Non-Trading Day", and, as applicable, "General Terms of the Notes— Discontinuance of or Adjustments to the Index Underlier or an Index Basket Underlier; Alteration of Method of Calculation" and "General Terms of the Notes — Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier".

With respect to a basket of underliers that includes one or more ETF basket underliers, each of the initial basket level, the basket closing level, final basket level and buffer level also will be subject to adjustment as provided below in "General Terms of the Notes— Antidilution Adjustments for Notes Linked to the ETF Underlier or an ETF Basket

Underlier”.

Cash Settlement Amount for Notes Without Buffer Level

This subsection entitled "— Cash Settlement Amount for Notes Without Buffer Level" is applicable to your notes if the applicable pricing supplement does not specify a buffer level or specifies that a buffer level is not applicable to your notes. If the applicable pricing supplement so provides, whether the notes are linked to a single underlier or a basket of underliers, if the final underlier or final basket level is ***greater than*** the initial underlier or initial basket level, the cash settlement amount will equal the face amount of each of your notes *plus* an additional amount equal to the *product* of the upside participation rate times 1% of the face amount of each of your notes for every 1% positive underlier or basket return, subject to the cap level (as described below) if one is specified in the applicable pricing supplement. Because the applicable underlier or basket return will be a positive percentage in this case, the cash settlement amount will be greater than the face amount of each of your notes. If, on the other hand, the final underlier or final basket level is ***equal to*** the initial underlier or initial basket level, the cash settlement amount will equal the face amount of each of your notes. Further, if the final underlier or final basket level is ***less than*** the initial underlier or initial basket level, the cash settlement amount will equal the face amount of each of your notes *minus* 1% of the face amount of each of your notes for every 1% negative underlier or basket return. In such a case, the cash settlement amount will be less than the face amount of each of your notes and could even be zero.

Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier

For notes linked to a single underlier, if the final underlier level is ***greater than*** *the initial underlier level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x upside participation rate x underlier return),

provided that the cash settlement amount will be subject to the **maximum settlement amount**, as described under "— Cash Settlement Amount for Notes Subject to Cap Level" below, if a **cap level** is specified in the applicable pricing supplement,

where,

"face amount", "upside participation rate" and "underlier return" are as defined under "— Cash Settlement Amount for Notes with Buffer Level — Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier" above.

If the final underlier level is ***equal to*** *the initial underlier level*, the cash settlement amount will equal the face amount of each of your notes.

If the final underlier level is ***less than*** *the initial underlier level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x underlier return),

therefore, if you purchase notes (i) linked to a single underlier and (ii) without a buffer level, you may lose all or a substantial portion of your initial investment in the notes if the final underlier level is less than the initial underlier level.

Calculation of Cash Settlement Amount for Notes Linked to a Basket of Underliers

For notes linked to a basket of underliers, if the final basket level is ***greater than*** *the initial basket level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x upside participation rate x basket return),

provided that the cash settlement amount will be subject to the **maximum settlement amount**, as described under "—Cash Settlement Amount for Notes Subject to Cap Level" below, if a **cap level** is specified in the applicable pricing supplement, *where*,

"face amount" and "upside participation rate" are as defined under "— Cash Settlement Amount for Notes with Buffer Level – Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier" and "basket return" is as defined under "— Cash Settlement Amount for Notes with Buffer Level — Calculation of Cash Settlement Amount for Notes Linked to a Basket of Underliers" above.

If the final basket level is ***equal to*** *the initial basket level*, the cash settlement amount will equal the face amount of each of your notes.

If the final basket level is ***less than*** *the initial basket level*, the cash settlement amount will be calculated as follows:

cash settlement amount = face amount + (face amount x basket return),

therefore, if you purchase notes (i) linked to a basket of underliers and (ii) without a buffer level, you may lose all or a substantial portion of your initial investment in the notes if the final basket level is less than the initial basket level.

Cash Settlement Amount for Notes Subject to Cap Level

The applicable pricing supplement may specify a cap level for your notes. If the applicable pricing supplement so provides, the cap level will be a level of the underlier equal to a specified percentage (which will be greater than 100%) of the initial underlier level or the initial basket level, as applicable.

Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier

The cash settlement amount will equal the lesser of the following:

· the cash settlement amount calculated as described under "— Cash Settlement Amount for Notes With Buffer Level — Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier" or "— Cash Settlement Amount for Notes Without Buffer Level — Calculation of Cash Settlement Amount for Notes Linked to a Single Underlier" above, as the case may be; or

· the maximum settlement amount

where,

maximum settlement amount = an amount greater than the face amount of each of your notes, as specified in the applicable pricing supplement, which will equal the following:

therefore, if you purchase notes (i) linked to a single underlier and (ii) with a cap level, the amount you will be paid on your notes on the stated maturity date will be capped and will always be less than the cash settlement amount calculated without regard to the cap level if the final underlier level is greater than the cap level.

Calculation of Cash Settlement Amount for Notes Linked to a Basket of Underliers

The cash settlement amount will equal the lesser of the following:

· the cash settlement amount calculated as described under "— Cash Settlement Amount for Notes With Buffer Level — Calculation of Cash Settlement Amount for Notes Linked to a Basket of Underliers" or "— Cash Settlement

Amount for Notes Without Buffer Level — Calculation of Cash Settlement Amount for Notes Linked to a Basket of Underliers” above, as the case may be; and

· the maximum settlement amount

where,

maximum settlement amount =	an amount greater than the face amount of each of your notes, as specified in the applicable pricing supplement, which will equal the following:

therefore, if you purchase notes (i) linked to a basket of underliers and (ii) with a cap level, the amount you will be paid on your notes on the stated maturity date will always be less than the cash settlement amount calculated without regard to the cap level if the final basket level is greater than the cap level.

Investing in the notes involves significant risks. The notes differ from ordinary debt securities in that UBS is not necessarily obligated to repay the full amount of your initial investment and, unless otherwise specified in the applicable pricing supplement, the notes will not pay interest. You may lose all or a significant portion of your investment. Further, any payment on the notes, 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 notes and you could lose your entire investment.

Averaging Dates

If specified in the applicable pricing supplement, the final underlier or final basket level will be based on the arithmetic average of the closing levels of the relevant underlier or the basket closing levels on each of the specified averaging dates, subject to postponement as provided below under "General Terms of the Notes — Market Disruption Event".

Interest

Unless otherwise specified in the applicable pricing supplement, the notes will not pay interest. If so specified, the notes would pay interest at a fixed rate or a floating rate on the interest payment dates, all as specified in the applicable pricing supplement.

The Notes Are Part of a Series

The notes are part of a series of debt securities entitled "Medium-Term Notes, Series B" that we may issue from time to time under our indenture, which is described in the accompanying prospectus. This product supplement summarizes general financial and other terms that apply to the notes. Terms that apply generally to all Medium-Term Notes, Series B are described in "Description of Debt Securities We May Offer" in the accompanying prospectus. The terms described here (*i.e.*, in this product supplement) supplement those described in the accompanying prospectus and, if the terms described here are inconsistent with those described there, the terms described here are controlling.

Specific Terms Will Be Described in the Applicable Pricing Supplement

The specific terms of your notes will be described in the applicable pricing supplement accompanying this product supplement. The terms described there modify or supplement those described here and in the accompanying prospectus. If the terms described in the applicable pricing supplement are inconsistent with those described here, in the index supplement or in the accompanying prospectus, the terms described in the applicable pricing supplement are controlling. If the applicable pricing supplement for a particular offering of notes specifies a different meaning for any term described herein, that modified definition will be deemed to apply to this product supplement for all purposes with respect to that offering of notes.

We may issue separate offerings of the notes that may be identical in all respects, except that each offering may be linked to the performance of a different underlier or basket of underliers and will be subject to the particular

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terms of the respective notes set forth in the applicable pricing supplement. Each offering of the notes is a separate and distinct security and you may invest in one or more offerings of the notes as set forth in the applicable pricing supplement. The performance of each offering of the notes will depend solely upon the performance of the underlier or basket of underliers to which such offering is linked and will not depend on the performance of any other offering of the notes.

Any applicable pricing supplement should be read in connection with this product supplement, the index supplement, if applicable, and the accompanying prospectus.

Selected Purchase Considerations

Subject to the specific terms of your notes as described in the applicable pricing supplement, an investment in the notes may offer the following features:

- **Buffered or Full Downside Market Exposure –** The return on your notes at maturity will be based on the performance of the underlier or basket of underliers, as applicable, as measured by the percentage change in the closing level of the specified underlier or the weighted average of the closing levels of the basket underliers included in the specified basket of underliers on the determination date or each averaging date, as applicable (the final underlier level or final basket level), from the initial underlier level or initial basket level set on the trade date. **If the underlier return or basket return is less than 0%, or if the final underlier level or final basket level is less than the buffer level, if a buffer level applies to your notes, you would lose a portion of your investment in the notes and you may lose your entire investment, depending on the performance of the underlier or the basket of underliers.** Any buffered downside market exposure applies only if you hold the notes to maturity.
- **Growth Potential** – At maturity, the notes may enhance the upside participation in any positive performance of the underlier or basket of underliers if the upside participation rate is greater than 100%, subject to any maximum settlement amount specified in the applicable pricing supplement. Conversely, an upside participation rate of less than 100% will have the effect of reducing your exposure to any positive underlier or basket return.

What Are Some of the Risks of the Notes?

An investment in the notes involves significant risks. Some of the risks that apply generally to the notes are summarized here, but we urge you to read the more detailed explanation of risks relating to the notes in the "Risk Factors" section of this product supplement, the "Risk Factors" section in the accompanying prospectus and the applicable pricing supplement.

- **Risk of loss at maturity** — You can lose all or substantially all of your investment in the notes. Our cash payment on your notes on the stated maturity date will be based on the performance of the underlier or basket of underliers, as applicable, as measured by the percentage change in the closing level of the specified underlier or the weighted average of the closing levels of the basket underliers included in the specified basket of underliers on the determination date or each averaging date, as applicable (the final underlier level or final basket level), from the initial underlier level or initial basket level set on the trade date. If the applicable pricing supplement specifies a buffer level, and if the final underlier or final basket level is less than the buffer level, then you will suffer a negative return on the notes equal to the buffer rate times 1% of the face amount of your notes for every 1% negative underlier or basket return below such return at the buffer level. Moreover, in this case, you will lose more than 1% for every 1% negative underlier or basket return below the underlier or basket return at the buffer level unless the applicable pricing supplement specifies a buffer rate of 100%. On the other hand, if the applicable pricing supplement does not specify a buffer level, and if the final underlier or final basket level is less than the initial underlier or initial basket level, then you will lose 1% of the face amount of your notes for every 1% negative underlier or basket return. ***Thus, unless the applicable pricing supplement specifies a buffer rate of 100%, you may lose your entire investment in the notes. Even if the applicable pricing supplement specifies a buffer rate of 100%, you may lose a significant portion of your investment in the notes.***

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- **For notes with a buffer level, buffered downside market exposure applies only if you hold the notes to maturity** — You should be willing to hold your notes to maturity. With respect to notes with a buffer level, if you are able to sell your notes prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the level of the underlier or the basket of underliers at such time has not declined to below the buffer level.
- **The upside participation rate applies only at maturity and may have the effect of reducing your exposure to any positive underlier or basket return** — You should be willing to hold your notes to maturity. If you are able to sell your notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the upside participation rate specified in the applicable pricing supplement, or the full economic value of the notes, and the return you realize may be less than the return of the underlier or the basket of underliers multiplied by the upside participation rate, even if such return is positive and does not exceed any applicable cap level. You can receive the full benefit of the upside participation rate, subject to the maximum settlement amount, if applicable, only if you hold your notes to maturity.

In addition, if the upside participation rate specified in the applicable pricing supplement is less than 100% and at maturity the final underlier or final basket level exceeds the initial underlier or initial basket level, the amount in cash you receive at maturity will be less than the amount you would have otherwise received if you invested directly in the underlier, basket of underliers or underlier constituents, as applicable. This is because an upside participation rate of less than 100% will have the effect of reducing your exposure to any positive underlier or basket returns.

- **Your potential return on the notes may be limited to the maximum settlement amount —** If the applicable pricing supplement specifies that your notes are subject to a cap level and therefore a maximum settlement amount, your ability to participate in any change in the level of the underlier or basket of underliers over the life of the notes will be limited. If so specified, the maximum settlement amount will limit the amount in cash you may receive for each of your notes at maturity, no matter how much the level of the underlier or basket of underliers, as applicable, may rise beyond the cap level over the life of the notes. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the underlier, basket of underliers or the underlier constituents, as applicable.
- **Credit risk of UBS** — The notes 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 notes, including any repayment of principal, 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 notes 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 notes and you could lose your entire investment.
- **Market risk** — The return on the notes, which may be negative, is directly linked to the performance of the underlier or a basket of underliers and indirectly linked to the value of the stocks ("underlier stocks"), futures contracts on physical commodities ("underlier commodities") and other constituents (collectively, the "underlier constituents") comprising the underlier or any basket underlier. The value of the underlier, basket of underliers or underlier constituents can rise or fall sharply due to factors specific to such underlier, basket of underliers or underlier constituents, such as stock or commodity 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 stock market or commodity market volatility and levels, interest rates and economic and political conditions.
- **Owning the notes is not the same as owning any ETF underlier or underlier constituents —** The return on your notes may not reflect the return you would realize if you actually owned the ETF underlier or any underlier constituents comprising the ETF underlier or any basket underlier. For instance, you will not receive or be entitled to receive any dividend payments or other distributions during the term of the notes, and any such dividends or distributions will not be factored into the calculation of the cash settlement amount on your notes. In addition, as an owner of the notes, you will not have voting rights or

any other rights that holders of the ETF underlier or underlier stocks may have. Additionally, for notes subject to a cap level, as a holder of the notes your return is limited to the maximum settlement amount.

- **No assurance that the investment view implicit in the notes will be successful** — It is impossible to predict whether and the extent to which the level of the underlier or the basket of underliers will rise or fall. There can be no assurance that the level of the underlier or the basket of underliers will rise above the initial underlier or initial basket level or that the final underlier or final basket level will not decline below the initial underlier or initial basket level or buffer level, as applicable. The final underlier or final basket level will be influenced by complex and interrelated political, economic, financial and other factors that affect the value of the underlier, basket of underliers and the underlier constituents. You should be willing to accept the risks associated with the relevant markets tracked by the underlier or any basket underlier in general and any underlier constituents in particular, and the risk of losing some or all of your initial investment.
- **The calculation agent can make antidilution adjustments that affect the payment to you at maturity** For antidilution events affecting an ETF underlier, including any ETF basket underlier, the calculation agent may make adjustments to the initial underlier level, buffer level, and/or final underlier level, as applicable, of the affected ETF underlier and any other term of the notes. However, the calculation agent will not make an adjustment in response to every event that could affect an ETF underlier. If an event occurs that does not require the calculation agent to make an adjustment, the market value of the notes and the cash settlement amount 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 this product supplement or the applicable pricing supplement as necessary to achieve an equitable result. Following a delisting or suspension from trading or discontinuance of an ETF underlier, the amount you receive at maturity may be based on a share of another ETF or a basket of securities, futures contracts, commodities or other assets, as described below under "General Terms of the Notes — Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier". The occurrence of any antidilution events and the consequent adjustments may materially and adversely affect the market value of the notes and your cash settlement amount, if any. For more information, see "General Terms of the Notes — Antidilution Adjustments for Notes Linked to the ETF Underlier or an ETF Basket Underlier".
- **There may be little or no secondary market for the notes** — Unless otherwise specified in the applicable pricing supplement, the notes 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 notes will develop. UBS Securities LLC and other affiliates of UBS intend to make a market in the notes, but they are not required to do so and may stop making a market at any time. The price, if any, at which you may be able to sell your notes prior to maturity could be at a substantial discount from the issue price to public and to the intrinsic value of the notes; and as a result, you may suffer substantial losses.
- **Price of notes prior to maturity** — The market price of the notes will be influenced by many unpredictable and interrelated factors, including the level of the underlier or basket of underliers; the value of the underlier constituents; the volatility of the underlier, basket underliers or any underlier constituents; the dividend rate paid on any ETF underlier or any underlier stocks; for notes linked for a basket of underliers, the correlation among the basket underliers; the time remaining to the maturity of the notes; interest rates in the markets; geopolitical conditions and economic, financial, political and regulatory or judicial events; and the creditworthiness of UBS.
- **Impact of fees on the secondary market price of the notes —** Generally, the price of the notes in the secondary market is likely to be lower than the issue price to public Because the issue price to public includes, and the secondary market prices are likely to exclude, commissions, hedging costs or other compensation paid with respect to the notes.
- **Potential UBS impact on price —** Trading or transactions by UBS and/or its affiliates in an ETF underlier, any underlier constituents and/or over-the-counter options, futures or other instruments with

returns linked to the performance of the underlier, the basket underliers or any underlier constituents may adversely affect the level of the underlier, or any basket underlier or the basket of underliers, and, therefore, the market value of the notes and your cash settlement amount, if any.

- **Potential conflict of interest** — UBS and its affiliates may engage in business with the issuers of an ETF underlier or underlier stocks comprising an underlier or any basket underlier or trading activities related to the underlier, any basket underlier or any underlier constituents, which may present a conflict between the interests of UBS and you, as a holder of the notes. There are also potential conflicts of interest between you and the calculation agent, which will be an affiliate of UBS.
- **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 notes, or express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. 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 notes and the underlier or basket of underliers to which the notes are linked.
- **Dealer incentives —** UBS and its affiliates act in various capacities with respect to the notes. We and our affiliates may act as a principal, agent or dealer in connection with the sale of the notes. Such affiliates, including the sales representatives, may derive compensation from the distribution of the notes and such compensation may serve as an incentive to sell these notes instead of other investments. We may pay dealer compensation to any of our affiliates acting as agents or dealers in connection with the distribution of the notes.
- **Uncertain tax treatment** — Significant aspects of the tax treatment of the notes are uncertain. You are urged to read the section "Material U.S. Federal Income Tax Consequences" herein and to consult your tax advisor about your tax situation.

Subject to the specific terms of your notes, as specified in the applicable pricing supplement, the notes generally may be a suitable investment for you if:

- You fully understand the risks inherent in an investment in the notes, including the risk of loss of all or a significant portion of your 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 or greater downside market risk as an investment in the underlier or basket of underliers, subject to any applicable buffer amount.
- You believe the level of the underlier or basket of underliers will appreciate over the term of your notes, and the final underlier or final basket level, as applicable, will be less than the cap level, if any, on your notes.
- You understand and accept that your potential return may be limited by (i) a cap level and/or (ii) an upside participation rate of less than 100%; and you would be willing to invest in the notes if (A) the maximum settlement amount, if any, was set equal to the bottom of the range for the anticipated maximum settlement amount for such offering of the notes (the actual maximum settlement amount, if any, will be determined on the trade date for each offering of the notes and will be specified in the applicable pricing supplement) and/or (B) the upside participation rate was less than 100%, or was set equal to the bottom of the range for the anticipated upside participation rate for such offering of the notes (the actual upside participation rate will be determined on the trade date for each offering of the notes and will be specified in the applicable pricing supplement).
- You can tolerate fluctuations in the price of the notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the underlier or the basket of underliers.

- You do not seek current income from your investment and are willing to forego dividends paid on any ETF underlier or any underlier stocks.
- You are willing to hold the notes to maturity and accept that there may be little or no secondary market for the notes.
- You are willing to assume the credit risk of UBS for all payments under the notes, and understand that if UBS defaults on its obligations you may not receive any amounts due to you including any repayment of principal.

Subject to the specific terms of your notes, as specified in the applicable pricing supplement, the notes generally may not be a suitable investment for you if:

- You do not fully understand the risks inherent in an investment in the notes, including the risk of loss of all or a significant portion of your 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 initial investment or are not willing to make an investment that may have the same or greater downside market risk as an investment in the underlier or basket of underliers, subject to any applicable buffer amount.
- You believe that the level of the underlier or basket of underliers will decline during the term of the notes and the final underlier or final basket level will be less than the initial underlier or initial basket level or buffer level, as applicable, on the determination date, or you believe the final underlier or final basket level will exceed the cap level, if any, on the notes.
- With respect to notes subject to a cap level or that have an upside participation rate of less than 100%, you seek an investment that has unlimited return potential or full upside exposure, respectively.
- You would not be willing to invest in the notes if the maximum settlement amount, if any, or the upside participation rate were set equal to the bottom of the range for the anticipated maximum settlement amount and upside participation rate for such offering of the notes (the actual maximum settlement amount, if any, and upside participation rate will be determined on the trade date for each offering of the notes and will be specified in the applicable pricing supplement).
- You cannot tolerate fluctuations in the price of the notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the underlier or basket of underliers.
- You seek current income from this investment or prefer to receive the dividends paid on any ETF underlier or any underlier stocks.
- You are unable or unwilling to hold the notes to maturity or you seek an investment for which there will be an active secondary market.
- You are not willing to assume the credit risk of UBS for all payments under the notes.

The suitability considerations identified above are not exhaustive. Whether or not the notes 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 notes in light of your particular circumstances. You should also review carefully the "Risk Factors" on page PS-31 of this product supplement.

What Are the Tax Consequences of the Notes?

The U.S. federal income tax consequences of your investment in the notes are uncertain. There are no statutory provisions, regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as the notes and we do not plan to request a ruling from the Internal Revenue Service (the "IRS"). Some of these tax consequences are summarized below, but because of this uncertainty it is possible that the notes could alternatively be treated pursuant to some other characterization such that the timing and character of income from the notes could differ materially and adversely from the treatment described below. We urge you to read the more detailed discussion herein under "Material U.S. Federal Income Tax Consequences" and to discuss the tax consequences of your particular situation with your tax advisor.

Summary of U.S. Tax Treatment. Pursuant to the terms of the notes, unless otherwise specified in the applicable pricing supplement, UBS and you agree, in the absence of a statutory or regulatory change or an administrative determination or judicial ruling to the contrary, to characterize your notes as prepaid derivative contracts with respect to the underlier or basket of underliers as specified in the applicable pricing supplement. If your notes are so treated, upon the sale, maturity or taxable disposition of your notes, you should generally recognize gain or loss in an amount equal to the difference between the amount you receive at such time and the amount you paid for your notes. Subject to the discussion below with respect to "constructive ownership", such gain or loss should generally be long-term capital gain or loss if you have held your notes for more than one year (otherwise such gain or loss should be short-term capital gain or loss if you have held your notes for one year or less). The deductibility of capital losses is subject to limitations.

Summary of Section 1260. There exists a risk that an investment in notes that are linked to an underlier or basket underlier that is an ETF, a passive foreign investment company (a "PFIC"), a real estate investment trust (a "REIT") or other "pass-thru entity" could be treated as a "constructive ownership transaction" under Section 1260 of the Internal Revenue Code of 1986, as amended, (the "Code"). If your notes were subject to the constructive ownership rules, then all or a portion of any long-term capital gain that you realize upon the sale, maturity or other taxable disposition of your notes would be recharacterized as ordinary income (and you would be subject to an interest charge on deferred tax liability with respect to such capital gain) to the extent that such capital gain exceeds the amount of long-term capital gain that you would have realized had you purchased an actual interest in the underlier or basket underlier (in an amount equal to the interest in the underlier or basket underlier that is returned by your notes) on the date that you purchased your notes and sold such interest on the date of the sale, maturity or other taxable disposition of the notes (the "Excess Gain"). It is not clear how the "Excess Gain" is determined with respect to the notes. It is possible that because you do not share in distributions made on the underlier or basket underlier, these distributions could be excluded from the calculation of the amount and character of gain, if any, that would have been realized had you held the underlier or basket underlier directly and that the application of the constructive ownership rules may not characterize adversely a significant portion of the long-term capital gain you may recognize with respect to the notes. Unless otherwise established by clear and convincing evidence, the "net underlying long-term capital gain" is treated as zero. In the case of notes referencing a gold or silver ETF, if Section 1260 of the Code were to apply to your notes, any long-term capital gain that you recognize with respect to your notes that is not recharacterized as ordinary income would be subject to tax at a special (higher) 28% maximum rate that is applicable to "collectibles". **Because the application of the constructive ownership rules to the notes is unclear, U.S. holders are urged to consult their tax advisors regarding the potential application of the "constructive ownership" rules and review the discussion below under "Material U.S. Federal Income Tax Consequences — Section 1260".**

Unless otherwise specified in the applicable pricing supplement, we expect our counsel, Cadwalader, Wickersham & Taft LLP, would be able to opine that, based on certain factual representations we expect to provide, it would be reasonable to treat your notes in the manner described above. However, because there is no authority that specifically addresses the tax treatment of the notes, it is possible that your notes could

alternatively be treated as a single contingent payment debt instrument, or pursuant to some other characterization (including possible treatment as a "constructive ownership transaction" under Section 1260 of the Code) such that the timing and character of your income from the notes could differ materially and

adversely from the treatment described above, as described further under "Material U.S. Federal Income Tax Consequences — Alternative Treatments" herein.

Notice 2008-2. In 2007, the IRS released a notice that may affect the taxation of holders of the notes. According to Notice 2008-2, the IRS and the U.S. Treasury Department (the "Treasury") are actively considering whether the holder of an instrument similar to the notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. 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 notes will ultimately be required to accrue current income and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether non-U.S. 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 Code discussed above should be applied to such instruments. **Both U.S. and non-U.S. 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 notes for U.S. federal income tax purposes in accordance with the treatment described above and below under "Material U.S. Federal Income Tax Consequences", unless and until such time as the Treasury and IRS determine that some other treatment is more appropriate.

Both U.S. and non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the notes (including possible application of Section 1260 of the Code and alternative treatments and the issues presented by Notice 2008-2), as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction (including that of the underlier issuer and/or the jurisdictions of the underlying constituent issuers, as applicable).

Hypothetical Returns on the Underlier-Linked Notes

This section provides examples of how the notes perform under various scenarios and are provided for illustrative purposes only and are purely hypothetical. They do not purport to be representative of every possible scenario concerning increases or decreases in the final underlier level or final basket level relative to the initial underlier level, initial basket level or buffer level. We cannot predict the final underlier level or final basket level of the underlying or basket of underliers. You should not take these examples as an indication or assurance of the expected performance of the underlying asset. The examples are based on the assumptions therein.

For these reasons, the actual performance of the applicable underlier or basket of underliers over the life of your notes, as well as the amount payable at maturity, may bear little relation to the hypothetical examples shown below.

The initial underlier or initial basket level, the upside participation rate, the buffer level, the buffer rate, the buffer amount, the cap level, the maximum settlement amount, the stated maturity date, the determination date, the averaging dates and the weighting multipliers, as applicable, that will apply to your notes will be set forth in a pricing supplement prepared specifically for the notes you purchase.

Notes Linked to a Single Underlier without Averaging Dates

Examples for the Case Where the Final Underlier Level Is Greater Than the Initial Underlier Level

If the final underlier level is greater than the initial underlier level, on the stated maturity date for each note you will receive a cash settlement amount greater than the face amount of each of your notes.

The cash settlement amount will be calculated on the determination date (examples of which are provided below) and will equal the *sum* of the face amount of each of your notes *plus* the *product* of (i) the face amount of each of your notes *times* (ii) the upside participation rate *times* (iii) the underlier return, the latter of which is the percentage, if any, by which the final underlier level exceeds the initial underlier level. Accordingly, if the final underlier level is greater than the initial underlier level, the amount payable at maturity per each note will be as follows:

face amount + (face amount x upside participation rate x underlier return)

However, if the applicable pricing supplement specifies a cap level for your notes, the amount payable at maturity per each note will be limited to the lesser of (i) the cash settlement amount calculated as described in the immediately preceding paragraph and (ii) the maximum settlement amount, calculated as follows:

The hypothetical examples presented below show how the amount payable on the notes is calculated, when the final underlier level is greater than the initial underlier level, based on key terms and assumptions set forth below.

Example 1: *The upside participation rate is greater than 100%*

Key Terms and Assumptions	
Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	1,500
Hypothetical upside participation rate:	130%
Hypothetical cap level:	n/a
Hypothetical maximum settlement amount:	n/a

In the example above, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, or $1,650. Because the upside participation rate is greater than 100%, the return on your notes is greater than the rate of increase in the level of the underlier from the initial underlier level set on the trade date to the final underlier level set on the determination date.

The table below illustrates the effect of the assumed upside participation rate of 130% on the hypothetical return on each note for the specified final underlier levels that are greater than the initial underlier level. However, the table below does not cover the complete range of possible amounts payable on the stated maturity date. The hypothetical percentage return on a note is greater than the hypothetical percentage return on the underlier by 30% due to the upside participation rate of 130%.

Hypothetical Percentage Return on Underlier	Hypothetical Final Underlier Level	Face Amount	Hypothetical Cash Settlement Amount	Hypothetical Percentage Return on $1,000 Note
50%	1,500	$1,000	$1,650	65.00%
45%	1,450	$1,000	$1,585	58.55%
40%	1,400	$1,000	$1,520	52.00%
35%	1,350	$1,000	$1,455	45.50%
30%	1,300	$1,000	$1,390	39.00%
25%	1,250	$1,000	$1,325	32.50%
20%	1,200	$1,000	$1,260	26.00%
15%	1,150	$1,000	$1,195	19.50%
10%	1,100	$1,000	$1,130	13.00%

Example 2: *The upside participation rate is less than 100%.*

Key Terms and Assumptions	
Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	1,500
Hypothetical upside participation rate:	80%
Hypothetical cap level:	n/a
Hypothetical maximum settlement amount:	n/a

In the example above, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, or $1,400. Because the upside participation rate is less than 100%, the return on your notes is less than the rate of increase in the level of the underlier from the initial underlier level set on the trade date to the final underlier level set on the determination date.

The table below illustrates the effect of the assumed upside participation rate of 80% on the hypothetical return on each note for the specified final underlier levels that are greater than the initial underlier level. However, the table below does not cover the complete range of possible amounts payable on the stated maturity date. The hypothetical percentage return on a note is less than the hypothetical percentage return on the underlier by 20% due to the upside participation rate of 80%.

Hypothetical Percentage Return on Underlier	Hypothetical Final Underlier Level	Face Amount	Hypothetical Cash Settlement Amount	Hypothetical Percentage Return on $1,000 Note
50%	1,500	$1,000	$1,400	40%
45%	1,450	$1,000	$1,360	36%
40%	1,400	$1,000	$1,320	32%
35%	1,350	$1,000	$1,280	28%
30%	1,300	$1,000	$1,240	24%
25%	1,250	$1,000	$1,200	20%
20%	1,200	$1,000	$1,160	16%
15%	1,150	$1,000	$1,120	12%
10%	1,100	$1,000	$1,080	8%

Example 3: *The cap level is applicable.*

Key Terms and Assumptions	
Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	1,200
Hypothetical upside participation rate:	130%
Hypothetical cap level:	1,300
Hypothetical maximum settlement amount:	$1,390

Cash settlement amount calculated without regard to the cap level =

In the example above, the cash settlement amount calculated without regard to the cap level is less than the maximum settlement amount. Therefore, the cash settlement amount will equal the cash settlement amount calculated without regard to the cap level, or $1,260. Because the final underlier level is less than the cap level, the return on your notes is not limited by the underlier return at the cap level.

Key Terms and Assumptions	
Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	1,500
Hypothetical upside participation rate:	130%
Hypothetical cap level:	1,300
Hypothetical maximum settlement amount:	$1,390

Cash settlement amount calculated without regard to the cap level =

In the example above, the cash settlement amount calculated without regard to the cap level is greater than the maximum settlement amount. Therefore, the cash settlement amount will equal the maximum settlement amount, or

$1,390. Because the final underlier level is greater than the cap level, the return on your notes is capped based on the maximum settlement amount.

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical upside participation rate:	80%
Hypothetical cap level:	1,400
Hypothetical maximum settlement amount:	$1,320

The table below illustrates the effect of the assumed cap level of 1,400, the assumed maximum settlement amount of $1,320 and the assumed upside participation rate of 80% on the hypothetical return on each note for the specified final underlier levels that are greater than the initial underlier level. However, the table below does not cover the complete range of possible amounts payable on the stated maturity date. The hypothetical percentage return on a note is capped at 32% regardless of the hypothetical percentage returns on the underlier that exceed 40%, due to the cap level of 1,400, the maximum settlement amount of $1,320 and the upside participation rate of 80%.

Hypothetical Percentage Return on Underlier	Hypothetical Final Underlier Level	Face Amount	Hypothetical Cash Settlement Amount	Hypothetical Percentage Return on $1,000 Note
50%	1,500	$1,000	$1,320	32%
45%	1,450	$1,000	$1,320	32%
40%	1,400	$1,000	$1,320	32%
35%	1,350	$1,000	$1,280	28%
30%	1,300	$1,000	$1,240	24%
25%	1,250	$1,000	$1,200	20%
20%	1,200	$1,000	$1,160	16%
15%	1,150	$1,000	$1,120	12%
10%	1,100	$1,000	$1,080	8%

If a cap level applies to your notes, the appreciation potential of the notes will be limited by the maximum settlement amount even if the final underlier level would otherwise imply a much higher return on your notes. Therefore, your return may be less than the return you would have otherwise received if you had invested directly in the underlier constituents.

Examples for the Case Where the Applicable Pricing Supplement Specifies a Buffer Level and the Final Underlier Level Is Equal to or Less Than the Initial Underlier Level

If the applicable pricing supplement specifies a buffer level, and if the final underlier level is equal to or less than the initial underlier level but greater than or equal to the buffer level, on the stated maturity date for each note you will receive a cash settlement amount equal to the face amount of each of your notes. If the applicable pricing supplement specifies a buffer level, and if the final underlier level is less than the buffer level, on the stated maturity date for each note you will receive a cash settlement amount less than the face amount of each of your notes. In such a case, the cash settlement amount will be calculated on the determination date (examples of which are provided below) and will equal the *sum* of the face amount of each of your notes *plus* the *product* of (i) the face amount of each of your notes *times* (ii) the buffer rate *times* (iii) the *sum* of (1) the underlier return *plus* (2) the buffer amount. Accordingly, if the final underlier level is equal to or less than the initial underlier level, the amount payable at maturity per each note will be as follows:

if the final underlier level is equal to or less than the initial underlier level but greater than or equal to the buffer level, face amount

if the final underlier level is less than the buffer level,

face amount + (face amount x buffer rate x (underlier return + buffer amount))

Example 4: *The buffer level is applicable.*

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	900
Hypothetical buffer level:	800

In the example above, because the final underlier level of 900 is greater than the buffer level of 800, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, which will in turn equal the $1,000 face amount.

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	600
Hypothetical buffer level:	800

If the applicable pricing supplement specifies a buffer rate that is greater than 100%,

If the applicable pricing supplement specifies a buffer rate of 100%,

In the example above, because the final underlier level of 600 is less than the buffer level of 800, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, which will be less than the $1,000 face amount. The buffer amount will equal the *quotient* of (i) the initial underlier level of 1,000 *minus* the buffer level of 800 *divided* by (ii) the initial underlier level of 1,000, expressed as a percentage, or 20%. If the applicable pricing supplement specifies a buffer rate equal to the *quotient* of the initial underlier level of 1,000 *divided* by the buffer level of 800, or 125%, the cash settlement amount will equal $750. On the other hand, if the applicable pricing supplement specifies a buffer rate of 100%, the cash settlement amount will equal $800.

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical buffer level:	800
Hypothetical buffer rate:	125%

The table below illustrates the effect of the assumed buffer level of 800 and the assumed buffer rate of 125% on the hypothetical return on each note for the specified final underlier levels that are equal to or less than the initial underlier level. However, the table below does not cover the complete range of possible amounts payable on the stated maturity date. The hypothetical percentage return on a note will decrease at an accelerated rate when the hypothetical percentage returns on the underlier are below -20%. Therefore, the hypothetical amount payable on your notes will not be protected and could even be zero.

Hypothetical Percentage Return on Underlier	Hypothetical Final Underlier Level	Face Amount	Hypothetical Cash Settlement Amount	Hypothetical Percentage Return on $1,000 Note
0%	1,000	$1,000	$1,000.0	0.00%
-10%	900	$1,000	$1,000.0	0.00%
-20%	800	$1,000	$1,000.0	0.00%
-25%	750	$1,000	$937.5	-6.25%
-50%	500	$1,000	$625.0	-37.50%
-75%	250	$1,000	$312.5	-68.75%
-100%	0	$1,000	$0.0	-100.00%

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical buffer level:	800
Hypothetical buffer rate:	100%

The table below illustrates the effect of the assumed buffer level of 800 and the assumed buffer rate of 100% on the hypothetical return on each note for the specified final underlier levels that are equal to or less than the initial underlier level. However, the table below does not cover the complete range of possible amounts payable on the stated maturity date. The hypothetical percentage return on a note will decrease at the same rate as the rate of decrease in the final underlier level when the hypothetical percentage returns on the underlier are below -20%. Therefore, under these assumptions the minimum hypothetical amount payable on your notes is 20% of the face amount of your notes regardless of the hypothetical percentage returns on the closing level of the underlier.

Hypothetical Percentage Return on Underlier	Hypothetical Final Underlier Level	Face Amount	Hypothetical Cash Settlement Amount	Hypothetical Percentage Return on $1,000 Note
0%	1,000	$1,000	$1,000	0%
-10%	900	$1,000	$1,000	0%
-20%	800	$1,000	$1,000	0%
-25%	750	$1,000	$950	-5%
-50%	500	$1,000	$700	-30%
-75%	250	$1,000	$450	-55%
-100%	0	$1,000	$200	-80%

Examples for the Case Where the Applicable Pricing Supplement Does Not Specify a Buffer Level and the Final Underlier Level Is Equal to or Less Than the Initial Underlier Level

If the applicable pricing supplement does not specify a buffer level, and if the final underlier level is equal to the initial underlier level, on the stated maturity date for each note you will receive a cash settlement amount equal to the face amount of each of your notes. If the applicable pricing supplement does not specify a buffer level, and if the final underlier level is less than the initial underlier level, on the stated maturity date for each note you will receive a cash settlement amount less than the face amount of each of your notes. In such a case, the cash settlement amount will be calculated on the determination date (examples of which are provided below) and will equal the *sum* of the face amount of each of your notes *plus* the *product* of (i) the face amount of each of your notes *times* (ii) the underlier return. Accordingly, if the final underlier level is equal to or less than the initial underlier level, the amount payable at maturity per each note will be as follows:

if the final underlier level is equal to the initial underlier level,

face amount

if the final underlier level is less than the initial underlier level,

face amount + (face amount x underlier return)

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Example 5: *The buffer level is not applicable.*

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	1,000

In the example above, because the final underlier level of 1,000 is equal to the initial underlier level of 1,000, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, which will in turn equal the $1,000 face amount.

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier level:	1,000
Hypothetical final underlier level:	600

In the example above, since the final underlier level of 600 is less than the initial underlier level of 1,000, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, or $600.

The table below illustrates the hypothetical return on each note for the specified final underlier levels that are equal to or less than the initial underlier level. However, the table below does not cover the complete range of possible amounts payable on the stated maturity date. The hypothetical percentage return on a note decreases at the rate of one-for-one when the hypothetical percentage returns on the underlier are below 0%.

Hypothetical Percentage Return on Underlier	Hypothetical Final Underlier Level	Face Amount	Hypothetical Cash Settlement Amount	Hypothetical Percentage Return on $1,000 Note
0%	1,000	$1,000	$1,000	0%
-10%	900	$1,000	$900	-10%
-20%	800	$1,000	$800	-20%
-25%	750	$1,000	$750	-25%
-50%	500	$1,000	$500	-50%
-75%	250	$1,000	$250	-75%
-100%	0	$1,000	$0	-100%

Charts Illustrating the Relationship of the Hypothetical Cash Settlement Amounts and the Hypothetical Final Index Levels

The following charts are graphical illustrations of hypothetical cash settlement amounts (expressed as a percentage of the face amount of a note) that we would deliver to the holder of your notes on the stated maturity date, if the final underlier level (expressed as a percentage of the initial underlier level) were any of the hypothetical levels shown on the horizontal axis, based on the assumptions noted below. However, the charts below do not cover the complete range of the relationships between possible cash settlement amounts and final underlier levels on the stated maturity date.

Chart 1: *The upside participation rate is greater than 100%; no cap level is specified; no buffer level is specified.*

The chart above shows that any hypothetical final underlier level that is less than the initial underlier level (the section left of the 100% marker on the horizontal axis) would result in a hypothetical cash settlement amount that is less than 100% of the face amount of a note (the section below the 100% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. On the other hand, any hypothetical final underlier level that is greater than the initial underlier level (the section right of the 100% marker on the horizontal axis) would result in a hypothetical cash settlement amount that is greater than 100% of the face amount of a note on a leveraged basis (the section above the 100% marker on the vertical axis).

Chart 2: *The upside participation rate is 100%; a cap level is specified; a buffer level is specified; and a buffer rate that equals 100% is specified.*

The chart above shows that any hypothetical final underlier level that is less than the buffer level (the section left of the “Buffer Level” marker on the horizontal axis) would result in a hypothetical cash settlement amount that is less than 100% of the face amount of a note (the section below the 100% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. Because the buffer rate equals 100%, the rate of decrease in the hypothetical cash settlement amounts equals the rate of decrease in the final underlier levels when the final underlier level is less than the buffer level, and the minimum hypothetical cash settlement amount will be greater than zero. On the other hand, any hypothetical final underlier level that is greater than or equal to the buffer level (the section on and right of the “Buffer Level” marker on the horizontal axis) but equal to or less than the initial underlier level (the section on and left of the 100% marker on the horizontal axis) would result in a hypothetical cash settlement amount of 100% of the face amount of a note (the horizontal line on the 100% marker on the vertical axis). Further, any hypothetical final underlier level that is greater than or equal to the initial underlier level (the section on and right of the 100% marker on the horizontal axis) but less than the cap level (the section left of the “cap level” marker on the horizontal axis) would result in a hypothetical cash settlement amount that is greater than or equal to 100% of the face amount of a note (the section on or above the 100% marker on the vertical axis). Because the upside participation rate equals 100%, the rate of increase in the hypothetical cash settlement amounts equals the rate of increase in the final underlier levels when the final underlier level is between the initial underlier level and the cap level. In addition, any hypothetical final underlier level that is greater than or equal to the cap level (the section on or right of the “cap level” marker on the horizontal axis) would result in a hypothetical cash settlement amount equal to the hypothetical maximum settlement amount, which will be greater than 100% of the face amount of a note (the line perpendicular to the horizontal axis that is right of the “cap level” marker on the horizontal axis).

Chart 3: *The upside participation rate is less than 100%; a cap level is specified; a buffer level is specified; and a buffer rate that is greater than 100% is specified.*

The chart above shows that any hypothetical final underlier level that is less than the buffer level (the section left of the “Buffer Level” marker on the horizontal axis) would result in a hypothetical cash settlement amount that is less than 100% of the face amount of a note (the section below the 100% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. Because the buffer rate is greater than 100%, the rate of decrease in the hypothetical cash settlement amounts exceeds the rate of decrease in the final underlier levels when the final underlier level is less than the buffer level, and the hypothetical cash settlement amount may even be zero. On the other hand, any hypothetical final underlier level that is greater than or equal to the buffer level (the section on and right of the “Buffer Level” marker on the horizontal axis) but equal to or less than the initial underlier level (the section on and left of the 100% marker on the horizontal axis) would result in a hypothetical cash settlement amount of 100% of the face amount of a note (the horizontal line on the 100% marker on the vertical axis). Further, any hypothetical final underlier level that is greater than or equal to the initial underlier level (the section on and right of the 100% marker on the horizontal axis) but less than the cap level (the section left of the “cap level” marker on the horizontal axis) would result in a hypothetical cash settlement amount that is greater than or equal to 100% of the face amount of a note (the section on or above the 100% marker on the vertical axis) on a reduced basis as compared to the appreciation of the hypothetical underlier. Finally, any hypothetical final underlier level that is greater than or equal to the cap level (the section on or right of the “cap level” marker on the horizontal axis) would result in a hypothetical cash settlement amount equal to the hypothetical maximum settlement amount, which will be greater than 100% of the face amount of a note (the line perpendicular to the horizontal axis).

Chart 4: *The upside participation rate is equal to 100%; and no cap level or buffer level is specified.*

The chart above shows that any hypothetical final underlier level that is less than the initial underlier level (the section left of the 100% marker on the horizontal axis) would result in a hypothetical cash settlement amount that is less than 100% of the face amount of a note (the section below the 100% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. On the other hand, any hypothetical final underlier level that is greater than the initial underlier level (the section right of the 100% marker on the horizontal axis) would result in a hypothetical cash settlement amount that is greater than 100% of the face amount of a note on a one-for-one basis (the section above the 100% marker on the vertical axis). In this case, the rate of increase or decrease in the cash settlement amount will equal the rate of increase or decrease in the level of the underlier from the initial underlier level set on the trade date to the final underlier level set on the determination date.

Notes Linked to a Basket of Underliers without Averaging Dates

If the final basket level is greater than the initial basket level, on the stated maturity date for each note you will receive a cash settlement amount that is greater than the face amount of each of your notes, subject to the maximum settlement amount if one is specified in the applicable pricing supplement. If the applicable pricing supplement specifies a buffer level and if the final basket level is less than or equal to the initial basket level but greater than or equal to the buffer level, on the stated maturity date for each note you will receive a cash settlement amount that will equal the face amount of each of your notes. If the applicable pricing supplement specifies a buffer level and if the final basket level is less than the buffer level, on the stated maturity date for each note you will receive a cash settlement amount that is less than the face amount of each of your notes. On the other hand, if the applicable pricing supplement does not specify a buffer level and if the final basket level is equal to the initial basket level, on the stated maturity date for each note you will receive a cash settlement amount that will equal the face amount of each of your notes. If the applicable pricing supplement does not specify a buffer level and if the final basket level is less than the initial basket level, on the stated maturity date for each note you will receive a cash settlement amount that is less than the face amount of each of your notes.

The tables under "— Notes Linked to a Single Underlier without Averaging Dates" can also be used to illustrate the hypothetical amount payable at maturity on each note for a range of hypothetical percentage changes in the closing levels of the basket underliers. However, it is important to understand that the basket returns are based on the weighted returns of each basket underlier included in the basket of underliers, which can offset one another. The following examples assume an initial basket level of 100.

Example 6: *All basket underliers have positive returns.*

Key Terms and Assumptions	
Face amount:	$1,000
Hypothetical initial basket level:	100
Hypothetical upside participation rate:	130%
Hypothetical cap level:	n/a

Basket Underlier	Hypothetical Initial Underlier Level	Hypothetical Weighting Percentage	Hypothetical Weighting Multiplier	Hypothetical Final Underlier Level	Hypothetical Underlier Return	Hypothetical Final Underlier Level × Hypothetical Weighting Multiplier
Underlier A	200	33.34%	0.1667	220	10%	36.674
Underlier B	800	33.36%	0.0417	880	10%	36.696
Underlier C	1500	33.30%	0.0222	1650	10%	36.630
					Final Basket Level:	110
					Basket Return:	10%

The final basket level is the *sum* of the *products*, as calculated for each basket underlier, of the applicable final underlier level *times* the corresponding weighting multiplier. The basket return is the *quotient* of (i) the final basket level *minus* the initial basket level *divided* by (ii) the initial basket level, expressed as a percentage. Assuming that no cap level is specified and that a hypothetical upside participation rate of 130% is applicable, the cash settlement amount is calculated as follows:

Therefore, in this example, the hypothetical amount payable at maturity per note will equal the cash settlement amount, $1,130. Because the upside participation rate is greater than 100%, the return on your notes is greater than the rate of increase in the level of the basket of underliers from the initial basket level set on the trade date to the final basket level set on the determination date.

Example 7: *Mixed returns of basket underliers are applicable.*

Key Terms and Assumptions	
Face amount:	$ 1,000
Hypothetical initial basket level:	100
Hypothetical buffer level:	90

In the table below, two of the three basket underliers have a positive underlier return, but these positive returns are offset by a negative return of the basket underlier with the greatest weighting percentage in the basket.

Basket Underlier	Hypothetical Initial Underlier Level	Hypothetical Weighting Percentage	Hypothetical Weighting Multiplier	Hypothetical Final Underlier Level	Hypothetical Underlier Return	Hypothetical Final Underlier Level × Hypothetical Weighting Multiplier
Underlier A	200	50%	0.25000	120	-40.00%	30.00
Underlier B	800	25%	0.03125	840	5.00%	26.25
Underlier C	1500	25%	0.01667	1600	6.67%	26.67
					Final Basket Level:	82.92
					Basket Return:	-17.08%

The basket return in this example is -17.08%. Assuming that a buffer level that equals 90% of the initial basket level, the amount payable at maturity per $1,000 face amount of your notes will be the cash settlement amount, which will be calculated as follows:

If the applicable pricing supplement specifies a buffer rate that is greater than 100%,

If the applicable pricing supplement specifies a buffer rate of 100%,

In the example above, because the final basket level of 82.92 is less than the buffer level of 90, the amount payable at maturity per $1,000 face amount will equal the cash settlement amount, which will be less than the $1,000 face amount. The buffer amount will equal the result of (i) the initial basket level of 100 *minus* the buffer level of 90 *divided* by (ii) the initial basket level of 100, expressed as a percentage, or 10%. If the applicable pricing supplement specifies a buffer rate equal to the *quotient* of the initial basket level of 100 *divided* by the buffer level of 90, or approximately 111.111%, the cash settlement amount will equal approximately $921.33. If the applicable pricing supplement specifies a buffer rate of 100%, the cash settlement amount will equal $929.20.

On the other hand, if no buffer level is specified in the applicable pricing supplement, the amount payable at maturity per $1,000 face amount of your notes will be the cash settlement amount of approximately $829.20, calculated as follows.

To see how a cap level or averaging dates affects the calculation of the amount payable at maturity for notes linked to a basket of underliers, please refer to the relevant examples described in "— Notes Linked to a Single Underlier without Averaging Dates" above and "— Notes with Averaging Dates" below, respectively, which would also apply to notes linked to a basket of underliers.

Notes with Averaging Dates

In the case of notes with averaging dates, the cash settlement amount, if any, will be based on the final underlier or final basket level, which will equal the arithmetic average of the closing levels of the underlier or the basket closing levels on each of the averaging dates (four in the examples below) specified in the applicable pricing supplement. Because the value of the underlier or basket of underliers may be subject to significant fluctuations over

the period covered by the averaging dates, it is not possible to present a chart or table illustrating the complete range of possible cash settlement amounts on the stated maturity date. The examples of the hypothetical cash settlement amount calculations that follow are intended to illustrate the effect of general trends in the closing levels of the underlier or the basket closing levels over such period on the amount payable to you at maturity. However, the underlier or basket of underliers may not increase or decrease over such period in accordance with any of the trends depicted by the hypothetical examples below.

Example 8: *Four averaging dates are specified.*

Key Terms and Assumptions

Face amount:	$1,000
Hypothetical initial underlier/basket level:	100
Hypothetical upside participation rate:	110%
Hypothetical buffer level:	97.50
Hypothetical buffer rate:	Approximately 102.56%
Hypothetical cap level:	n/a
Hypothetical maximum settlement amount:	n/a

The following four cases illustrate the amount payable at maturity on each note for a range of closing levels of an underlier or basket closing levels in a hypothetical issuance with four averaging dates and demonstrate the impact of basing the calculation of the cash settlement amount on the final underlier or final basket level as determined over the averaging dates, assuming a face amount of $1,000, a hypothetical initial underlier or initial basket level of 100, a hypothetical upside participation rate of 110%, a hypothetical buffer level of 97.50 and a hypothetical buffer rate of approximately 102.56%.

	Case 1 Closing Level	Case 2 Closing Level	Case 3 Closing Level	Case 4 Closing Level
1st Averaging Date	130	110	130	95
2nd Averaging Date	140	100	140	90
3rd Averaging Date	150	90	120	85
Last Averaging Date	160	80	100	125
Hypothetical Final Underlier/Basket Level	**145.00**	**95.00**	**122.50**	**98.75**
Hypothetical Upside Participation Rate	**110.00%**	**110.00%**	**110.00%**	**110.00%**
Hypothetical Buffer Level	**97.50**	**97.50**	**97.50**	**97.50**
Amount Payable at Maturity on a $1,000 Face Amount	**$1,495.00**	**$974.36**	**$1,247.50**	**$1,000.00**

- In Case 1, the underlier or basket closing levels increase on each averaging date but, due to the averaging of the closing levels over the averaging dates, the final underlier or final basket level of 145 is lower than the closing level of 160 on the last averaging date. At maturity, for each note, the investor receives a cash settlement amount of $1,495.00. The total return on the notes at maturity represents a 49.50% increase above the $1,000 face amount, which is greater than the underlier or basket return of 45% over the life of the notes. However, the total return on the notes of 49.50% is less than the 60% increase in the closing level of the underlier or basket of underliers on the final averaging date from the initial underlier or initial basket level set on the trade date.
- In Case 2, the closing levels decrease on each averaging date. The averaging of the underlier or basket closing levels over the averaging dates results in a final underlier or final basket level of 95, which is higher than the closing level of 80 on the last averaging date. Because the final underlier or final basket level is less than the buffer level of 97.50, the investor receives a cash settlement amount of approximately $974.36.
- In Case 3, the underlier or basket closing levels reach a high of 140 on the second averaging date and decline on subsequent averaging dates. At maturity, the final underlier or final basket level of 122.50 is higher than the closing level of 100 on the last averaging date. At maturity, for each note, the investor receives a cash settlement amount of $1,247.50. The total return on the notes at maturity represents a

24.75% increase above the $1,000 face amount, even though the underlier or basket return over the life of the notes is 22.50%.

- In Case 4, the underlier or basket closing levels decline on each of the first three averaging dates to a low of 85 and increase on the last averaging date. The final underlier or final basket level of 98.75 is less than the closing level of 125.00 on the last averaging date. Because the final underlier or final basket level is less than the initial underlier or initial basket level but greater than the buffer level of 97.50, the cash settlement amount equals the $1,000 face amount, even though the level of the underlier or basket of underliers declines by 1.25% over the life of the notes from the initial underlier or initial basket level set on the trade date to the final underlier or final basket level set on the determination date. Therefore, despite a closing level of 125.00 for the underlier or basket of underliers, an increase of 25% from the initial underlier or initial basket level set on the trade date, on the last averaging date, the investor will not receive any amount over the $1,000 face amount for each note at maturity.

Risk Factors

An investment in the notes involves significant risks. The return on the notes is linked to the performance of the underlier or basket of underliers. Investing in the notes is not equivalent to a direct investment in the underlier, basket of underliers or any underlier constituents. This section describes the most significant risks relating to the notes. ***We urge you to read the following information about these risks, together with the other information in this product supplement, the accompanying prospectus and the applicable pricing supplement, before investing in the notes.***

The notes do not guarantee any return of your initial investment in the notes at maturity. You may lose all or a significant portion of your initial investment in the notes.

You can lose all or substantially all of your investment in the notes. Our cash payment on your notes on the stated maturity date will be based on the performance of the applicable underlier or basket of underliers on the determination date or each of the averaging dates, as applicable, over its initial underlier or initial basket level on the trade date. If the applicable pricing supplement specifies a buffer level, and if the final underlier or final basket level is less than the buffer level, then you will lose the buffer rate times 1% of the face amount of your notes for every 1% negative underlier or basket return below such return at the buffer level. Moreover, in this case, you will lose more than 1% for every 1% negative underlier or basket return below the underlier or basket return at the buffer level unless the applicable pricing supplement specifies a buffer rate of 100%. On the other hand, if the applicable pricing supplement does not specify a buffer level, and if the final underlier or final basket level is less than the initial underlier or initial basket level, then you will lose 1% of the face amount of your notes for every 1% negative underlier or basket return. ***Thus, unless the applicable pricing supplement specifies (i) a buffer level, and (ii) a buffer rate of 100%, you may lose your entire investment in the notes. Even if the applicable pricing supplement specifies a buffer rate of 100%, you may lose a significant portion of your investment in the notes.***

For notes with a buffer level, buffered downside market exposure applies only if you hold the notes to maturity.

You should be willing to hold your notes to maturity. If your notes have a buffer level and you are able to sell your notes prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the level of the underlier or basket of underliers at such time has not declined to below the buffer level.

The upside participation rate applies only at maturity and may have the effect of reducing your exposure to any positive underlier or basket return.

You should be willing to hold your notes to maturity. If you are able to sell your notes prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the upside participation rate specified in the applicable pricing supplement, or the full economic value of the notes, and the return you realize may be less than the underlier or basket return multiplied by the upside participation rate, even if such return is positive and does not exceed any applicable cap level. You can receive the full benefit of the upside participation rate, subject to the maximum settlement amount, if applicable, only if you hold your notes to maturity.

In addition, if the upside participation rate specified in the applicable pricing supplement is less than 100% and at maturity the final underlier or final basket level exceeds the initial underlier or initial basket level, the amount in cash you receive at maturity will be less than the amount you would have otherwise received if you invested directly in the underlier, basket of underliers or any underlier constituents, as applicable. This is because an upside participation rate of less than 100% will have the effect of reducing your exposure to any positive underlier or basket returns.

Your return potential may be limited by a maximum settlement amount on the notes at maturity.

If the applicable pricing supplement specifies that your notes are subject to a cap level, your ability to participate in any positive underlier or basket return, multiplied by the upside participation rate, will be limited. If so specified, the maximum settlement amount will limit the amount in cash you may receive for each of your notes at maturity, no matter how much the final underlier or final basket level exceeds the cap level. Accordingly, the amount payable for each of your notes may be significantly less than it would have been had you invested directly in the underlier, basket of underliers or underlier constituents, as applicable.

You have no shareholder rights or rights to receive dividend payments or distributions on any ETF underlier or any underlier stocks, as applicable.

Investing in your notes will not make you a holder of the ETF underlier or underlier stocks, as applicable. Neither you nor any other holder or owner of your notes will have any voting rights, any right to receive dividends or other distributions, any rights to make a claim against the ETF underlier or underlier stocks or any other rights with respect to the ETF underlier or underlier stocks. Your notes will be paid in cash and you will have no right to receive delivery of any ETF underlier or any underlier stocks.

Your notes may pay a coupon at a low rate or they may pay no coupon at all.

The applicable pricing supplement will state whether your notes pay a coupon. Therefore, your notes may pay no coupon at all. If your notes do pay a coupon, they may do so at a rate that is below the prevailing market rate for our debt securities that are not linked to the performance of one or more underliers. Consequently, unless the amount payable on your notes on the stated maturity date substantially exceeds the amount you paid for your notes, the overall return you earn on your notes could be less than what you would have earned by investing in conventional debt securities that bear interest at prevailing market rates.

Any payment on the notes is subject to the creditworthiness of UBS.

The notes 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 notes, including any repayment of principal 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 notes 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 notes and you could lose your entire investment.

Owning the notes is not the same as owning any ETF underlier or the underlier constituents.

The return on your notes will not reflect the return you would realize if you actually owned any ETF underlier or the underlier constituents and held such investments for a similar period because:

- the return on such a direct investment would not be limited by the maximum settlement amount (if the applicable pricing supplement for your notes specifies that a maximum settlement amount is applicable) or otherwise capped;
- a direct investment in any ETF underlier or the underlier constituents would provide full participation in any positive returns on any ETF underlier or the underlier constituents, which will not be the case if the applicable pricing supplement for your notes specifies that the upside participation rate is less than 100%;
- in the case of a direct investment in any ETF underlier or the underlier constituents, the return could include substantial dividend payments, which you will not receive as an investor in the notes;
- an investment directly in any ETF underlier or the underlier constituents is likely to have tax consequences that are different from an investment in the notes; and

- an investment in any ETF underlier or the underlier constituents may have better liquidity than the notes and, to the extent there are commissions or other fees in relation to a direct investment in such ETF

underlier or the underlier constituents, such commissions or other fees may be lower than the commissions and fees applicable to the notes.
Further, the impact of the economic features of a particular note (possibly including, but not limited to, any cap level, an upside participation rate of less than 100% or buffer level) may result in the return on your notes at maturity being less than the return on a hypothetical direct investment in the underlier or basket of underliers without taking into account taxes and other costs related to such a direct investment.

Even if the level of the underlier or the basket of underliers increases above the initial underlier or initial basket level (as applicable) during the term of the notes, the market value of the notes may not increase by the same amount. It is also possible for the level of the underlier or the basket of underliers to increase while the market value of the notes declines.

The amount payable on your notes may be linked to the closing levels of the underlier or basket of underliers on a specified number of averaging dates.

If specified in the applicable pricing supplement, the final underlier or final basket level will be based on the arithmetic average of the closing levels of the underlier or basket of underliers, as applicable, on each of the specified averaging dates (each of which is subject to postponement in the case of a market disruption event or non-trading day), and therefore not the simple performance of the underlier or basket of underliers over the life of your notes. For example, if the closing level of a particular underlier dramatically surged on the last of five averaging dates (in other words, the determination date), the amount payable for each of your notes may be significantly less than it would have been had the amount payable been linked only to the closing level of the underlier on that last averaging date.

No assurance that the investment view implicit in the notes will be successful.

It is impossible to predict whether and the extent to which the level of the underlier or the basket of underliers will rise or fall. There can be no assurance that the level of the underlier or the basket of underliers will rise above the initial underlier or initial basket level (as applicable) or that the final underlier or final basket level (as applicable) will not be less than the buffer level or initial underlier or initial basket level (as applicable) on the determination date. The final underlier or final basket level will be influenced by complex and interrelated political, economic, financial and other factors that affect the value of the underlier, basket of underliers and underlier constituents, including the issuer(s) of any ETF underlier or any underlier stocks. You should be willing to accept the risks associated with the relevant markets tracked by the underlier or any basket underliers in general and the underlier constituents in particular, and the risk of losing some or all of your initial investment.

The formula for calculating the cash settlement amount of the notes does not take into account all developments in the underlier or basket of underliers.

Changes in the level(s) of the underlier or basket of underliers during the term of the notes before the determination date specified in the applicable pricing supplement may not be reflected in the calculation of the amount payable, if any, at maturity of the notes. The calculation agent will calculate the cash settlement amount by comparing only the final underlier or final basket level relative to the initial underlier or initial basket level. No other levels will be taken into account. As a result, you may lose a significant portion of your investment even if the level of the underlier or the basket of underliers has risen at certain times during the term of the notes before falling to a level below its buffer level or initial underlier or initial basket level (as applicable) on the determination date.

If the notes are linked to a basket of underliers, changes in the levels of the basket underliers may offset each other.

If the notes are linked to a basket of underliers, the return on the notes will be linked to a weighted basket comprised of the basket underliers. While the levels of some basket underliers may increase over the term of the notes, the levels of other basket underliers may not increase during the term of the notes as much or may even decline. Therefore, in calculating the basket return and the cash settlement amount on the notes, increases in the levels of one or more of the basket underliers may be moderated, or offset, by lesser increases or declines in the levels of one or more of the other basket underliers. This affect is further amplified by differing weights of the basket underliers. More heavily weighted basket underliers will have a larger impact on the basket return than basket underliers with lesser weightings.

You have limited protection in the case of antidilution events.

For antidilution events affecting an ETF underlier, including any ETF basket underlier, the calculation agent may adjust the initial underlier level, buffer level and/or final underlier level, as applicable, of the affected ETF underlier and any other term of the notes. However, the calculation agent is not required to adjust the terms of the notes for every event that could affect an ETF underlier. An event that does not require the calculation agent to make an adjustment may materially and adversely affect the market value of the notes and the cash settlement amount, if any. In addition, the calculation agent will make all determinations and calculations concerning any such adjustment and may make any such adjustment, determination or calculation in a manner that differs from, or that is in addition to, the manner described in this product supplement or the applicable pricing supplements as necessary to achieve an equitable result. You should refer to "General Terms of the Notes — Antidilution Adjustments for Notes Linked to the ETF Underlier or an ETF Basket Underlier" and "General Terms of the Notes — Role of Calculation Agent" for a description of the items that the calculation agent is responsible for determining.

In some circumstances, the payment you receive on the notes may be based on shares of another ETF or basket of securities.

If an ETF that is serving as an ETF underlier is delisted, discontinued or trading is suspended, the amount you receive at maturity may be based on a share of another ETF or a basket of securities, futures contracts, commodities or other assets. Such delisting, discontinuance or suspension of trading in an ETF underlier or an ETF basket underlier, as applicable, and the consequent adjustments may materially and adversely affect the value of the notes. We describe such discontinuance, delisting or suspension of trading in an ETF underlier and the consequent adjustments in "General Terms of the Notes — Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier".

The calculation agent can postpone the determination date or any averaging date if a market disruption event or non-trading day occurs or is continuing.

Unless otherwise specified in the applicable pricing supplement, in case of notes linked to a single underlier, if the calculation agent determines that, on the determination date or any averaging date, as applicable, a market disruption event has occurred or is continuing with respect to such underlier or that day is not a trading day, the determination date or the applicable averaging date and each succeeding averaging date, if and as applicable, will be postponed until the first following trading day on which no market disruption event occurs or is continuing, subject to limitation on postponement described below under "General Terms of the Notes — Determination Date — Notes Linked to a Single Underlier" or "General Terms of the Notes — Averaging Dates — Notes Linked to a Single Underlier". If the determination date or any averaging date, as applicable, is postponed to the last possible day and a market disruption event occurs or is continuing on such last possible day or such day is not a trading day, such date will nevertheless be the determination date or averaging date, as applicable. In the case of notes linked to a basket of underliers, the determination date or any averaging date, as applicable, will be postponed until, on or subsequent to the originally scheduled determination date or averaging date, as applicable, each basket underlier has had at least one trading day on which no market disruption event has occurred or is continuing, subject to limitation on postponement described under "General Terms of the Notes — Determination Date" or "General Terms of the Notes — Averaging Dates" below, as the case may be. If the determination date or any averaging date, as applicable, is postponed to the last possible day and a market disruption event occurs or is continuing with respect to any basket underlier on such last possible day or such day is not a trading day, such date will nevertheless be the determination date or the applicable averaging date, as applicable.

As a result of any of the foregoing, the stated maturity date for your notes may also be postponed, as described under "General Terms of the Notes — Stated Maturity Date" below. In such a case, you may not receive the cash payment, if any, that we are obligated to deliver on the stated maturity date until several days after the originally scheduled stated maturity date. Moreover, if the closing level of the underlier or any basket underlier is not available on the determination date or any averaging date, as applicable, because of a market disruption event, a non-trading day or for any other reason (except as described under “General Terms of the Notes — Discontinuance of or Adjustments to the Index Underlier or an Index Basket Underlier; Alteration of Method of Calculation” and “General Terms of the Notes — Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier” below), in certain circumstances the calculation agent will determine the final underlier or final basket level based on its assessment of the level(s) of the applicable underlier or basket underliers, as described under “General Terms of the Notes — Market Disruption Event” below.

The Notes Are Not Bank Deposits

An investment in the notes carries risks which are very different from the risk profile of a bank deposit placed with UBS or its affiliates. The notes have different yield and/or return, liquidity and risk profiles and would not benefit from any protection provided to deposits.

If UBS experiences financial difficulties, FINMA has the power to open restructuring or liquidation proceedings in respect of, and/or impose protective measures in relation to, UBS, which proceedings or measures may have a material adverse effect on the terms and market value of the notes and/or the ability of UBS to make payments thereunder

The Swiss Financial Market Supervisory Authority (“FINMA”) has broad statutory powers to take measures and actions in relation to UBS if (i) it concludes that there is justified concern that UBS is over-indebted or has serious liquidity problems or (ii) UBS fails to fulfil the applicable capital adequacy requirements (whether on a standalone or consolidated basis) after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorized to open restructuring proceedings or liquidation (bankruptcy) proceedings in respect of, and/or impose protective measures in relation to, UBS. The Swiss Banking Act grants significant discretion to FINMA in connection with the aforementioned proceedings and measures. In particular, a broad variety of protective measures may be imposed by FINMA, including a bank moratorium or a maturity postponement, which measures may be ordered by FINMA either on a stand-alone basis or in connection with restructuring or liquidation proceedings. The resolution regime of the Swiss Banking Act is further detailed in the FINMA Banking Insolvency Ordinance (“BIO-FINMA”). In a restructuring proceeding, FINMA, as resolution authority, is competent to approve the resolution plan. The resolution plan may, among other things, provide for (a) the transfer of all or a portion of UBS’ assets, debts, other liabilities and contracts (which may or may not include the contractual relationship between UBS and the holders of notes) to another entity, (b) a stay (for a maximum of two business days) on the termination of contracts to which UBS is a party, and/or the exercise of (w) rights to terminate, (x) netting rights, (y) rights to enforce or dispose of collateral or (z) rights to transfer claims, liabilities or collateral under contracts to which UBS is a party, (c) the conversion of UBS’ debt and/or other obligations, including its obligations under the notes, into equity (a “debt-to-equity” swap), and/or (d) the partial or full write-off of obligations owed by UBS (a “write-off”), including its obligations under the notes. The BIO-FINMA provides that a debt-to-equity swap and/or a write-off of debt and other obligations (including the notes) may only take place after (i) all debt instruments issued by UBS qualifying as additional tier 1 capital or tier 2 capital have been converted into equity or written-off, as applicable, and (ii) the existing equity of UBS has been fully cancelled. While the BIO-FINMA does not expressly address the order in which a write-off of debt instruments other than debt instruments qualifying as additional tier 1 capital or tier 2 capital should occur, it states that debt-to-equity swaps should occur in the following order: first, all subordinated claims not qualifying as regulatory capital; second, all other claims not excluded by law from a debt-to-equity swap (other than deposits); and third, deposits (in excess of the amount privileged by law). However, given the broad discretion granted to FINMA as the resolution authority, any restructuring plan in respect of UBS could provide that the claims under or in connection with the notes will be partially or fully converted into equity or written-off, while preserving other obligations of UBS that rank pari passu with, or even junior to, UBS’ obligations under the notes. Consequently, holders of notes may lose all of some of their investment in the notes. In the case of restructuring proceedings with respect to a systemically important Swiss bank (such as UBS), the creditors whose claims are affected by the restructuring plan will not have a right to vote on, reject, or seek the suspension of the restructuring plan. In addition, if a restructuring plan has been approved by FINMA, the rights of a creditor to seek judicial review of the restructuring plan (e.g., on the grounds that the plan would unduly prejudice the rights of holders of notes or otherwise be in violation of the Swiss Banking Act) are very limited. In particular, a court may not suspend the implementation of the restructuring plan. Furthermore, even if a creditor successfully challenges the restructuring plan, the court can only require the relevant creditor to be compensated ex post and there is currently no guidance as to on what basis such compensation would be calculated or how it would be funded.

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RISKS RELATED TO LIQUIDITY AND SECONDARY MARKET ISSUES

There may not be an active trading market in the notes – Sales in the secondary market may result in significant losses.

You should be willing to hold your notes to maturity. There may be little or no secondary market for the notes. The notes will not be listed or displayed on any securities exchange or any electronic communications network. UBS Securities LLC and other affiliates of UBS may make a market for the notes, although they are not required to do so. UBS Securities LLC or any other affiliate of UBS may stop any such market-making activities at any time.

If you sell your notes before maturity, you may have to do so at a substantial discount from the issue price to public, and as a result, you may suffer substantial losses, even in cases where the level of the underlier or basket of underliers has risen since the trade date. The potential returns described in the applicable pricing supplement are possible only in the case that you hold your notes to maturity.

The market value of the notes may be influenced by unpredictable factors.

The market value of your notes may fluctuate between the date you purchase them and the determination date, when the calculation agent will determine your cash settlement amount. Several factors, many of which are beyond our control and interrelate in complex and unpredictable ways, will influence the market value of the notes. Generally, we expect that the level of the underlier or basket of underliers on any day will affect the market value of the notes more than any other single factor. Other factors that may influence the market value of the notes include:

- the volatility of the underlier or basket underliers (i.e., the frequency and magnitude of changes in the level of the underlier or basket underliers over the term of the notes);
- the composition of the underlier or the basket underliers and changes to their respective underlier constituents;
- the expected rate of future dividends of any ETF underlier or any underlier stocks, the upside participation rate, the weighting multipliers, the maximum settlement amount and/or the buffer level, all as applicable;
- the expected and realized correlations among the basket underliers;
- the market prices of the underlier constituents;
- the dividend rate paid on any ETF underlier or the underlier stocks (while not paid to the holders of the notes, dividend payments on any ETF underlier or the underlier stocks may influence the market value of the notes);
- interest rates in the U.S. market and each market related to the underlier or basket underliers;
- the time remaining to the maturity of the notes;
- supply and demand for the notes, including inventory positions with UBS Securities LLC or any other market-maker;
- for any underlier or basket underlier having underlier constituents that are securities traded in non-U.S. markets, the exchange rate and volatility of the exchange rate between the U.S. dollar and the currency of the country in which such securities are traded;
- for any ETF underlier, the fact that such ETF is subject to management risk, which is the risk that the investment strategy employed by an ETF's investment advisor may not produce the intended results;
- the creditworthiness of UBS; and

- geopolitical, economic, financial, political, regulatory, judicial, force majeure or other events that affect the level(s) of the underlier or basket underliers and equity and commodity markets generally.

These factors interrelate in complex and unpredictable ways, and the effect of one factor on the market value of your notes may offset or enhance the effect of another factor.

The inclusion of commissions and compensation in the original issue price of the notes is likely to adversely affect secondary market prices of the notes.

Assuming no change in market conditions or any other relevant factors, the price, if any, at which UBS Securities LLC or its affiliates (or any third party market maker) are willing to purchase the notes in secondary market transactions will likely be lower than the original issue price because the issue price is likely to include, and secondary market prices are likely to exclude, commissions or other compensation paid with respect to, or embedded profit in, the notes. In addition, any such prices may differ from values determined by pricing models used by UBS Securities LLC or its affiliates, as a result of dealer discounts, mark-ups or other transactions.

RISKS RELATED TO GENERAL CHARACTERISTICS OF THE UNDERLIER OR BASKET UNDERLIERS

UBS and its affiliates have no affiliation with any ETF underlier issuer and are not responsible for their public disclosure of information, whether contained in SEC filings or otherwise.

Unless otherwise specified in the applicable pricing supplement, we and our affiliates are not affiliated with any ETF underlier issuer and have no ability to control or predict their actions, including any corporate actions that could constitute an antidilution event of the type that would require the calculation agent to adjust the payment to you at maturity, and have no ability to control the public disclosure of these corporate actions or any events or circumstances affecting the ETF underlier issuer. The ETF underlier issuers are not involved in the offering of the notes in any way and have no obligation to consider your interests as owner of the notes in taking any corporate actions that might affect the market value of your notes or your cash settlement amount. The ETF underlier issuers may take actions that could adversely affect the market value of the notes and your cash settlement amount, if any.

The notes are unsecured debt obligations of UBS only and are not obligations of any ETF underlier issuer. No portion of the issue price you pay for the notes will go to any ETF underlier issuer.

Unless otherwise specified in the applicable pricing supplement, we have derived the information about the respective ETF underlier issuer(s) and each ETF underlier from publicly available information, without independent verification. UBS has not conducted any independent review or due diligence of any publicly available information with respect to any ETF underlier issuer or any ETF underlier. **You, as an investor in the notes, should make your own investigation into the respective ETF underlier issuer(s) and each underlier or basket of underliers for your notes. We urge you to review financial and other information filed periodically by the ETF underlier issuer(s) with the SEC.**

This product supplement relates only to the notes and does not relate to any ETF underlier or any ETF underlier issuer.

UBS and its affiliates have no affiliation with any index underlier sponsor and are not responsible for their public disclosure of information.

Unless otherwise specified in the applicable pricing supplement, we and our affiliates are not affiliated with the sponsor of any index underlier or index basket underlier (an "underlier sponsor") that may be used to calculate the cash settlement amount of the notes (except for licensing arrangements discussed in the index supplement) and have no ability to control or predict their actions, including any errors in or discontinuation of public disclosure regarding methods or policies relating to the calculation of the index underlier or any index basket underlier. If an underlier sponsor discontinues or suspends the calculation of the index underlier or an index basket underlier to which your notes are linked, it may become difficult to determine the market value of the notes and the cash settlement amount. The calculation agent may designate a successor underlier. If the calculation agent determines that no successor underlier comparable to the index underlier or index basket underlier exists, the cash settlement amount at maturity will be determined by the calculation agent by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate the applicable index underlier or index basket underlier, as the case may be. See "General Terms of the Notes — Discontinuance of or Adjustments to the Index Underlier or an Index Basket Underlier; Alteration of Method of Calculation" and "General Terms of the Notes — Role of Calculation Agent" below. No underlier sponsor is involved in the offer of the notes in any way. The underlier sponsor(s) do not have any obligation to consider your interests as an owner of the notes in taking any actions that might affect the market value of your notes or your cash settlement amount.

Unless otherwise specified in the applicable pricing supplement, we have derived the information about the respective underlier sponsor(s) and the index underlier or any index basket underliers to which your notes are linked from publicly available information, without independent verification. **You, as an investor in the notes, should make your own independent investigation into the relevant underlier sponsor(s) and the index underlier or any index basket underliers for your notes.**

Changes that affect the index underlier or any index basket underlier will affect the market value of your notes and the amount you will receive at maturity of your notes.

The policies of an underlier sponsor concerning the calculation of the index underlier or an index basket underlier, additions, deletions or substitutions of the underlier constituents and the manner in which changes affecting the underlier constituents, the issuers of any underlier stocks (such as stock dividends, reorganizations or mergers) or the underlier commodities (such as prolonged changes in market value, significantly decreased liquidity or if any such underlier commodity ceases to exist) are reflected in the index underlier or any index basket underlier, could affect the level of the index underlier or index basket underlier, as applicable, and, therefore, could affect the amount payable on your notes at maturity and the market value of your notes prior to maturity. The amount payable on the notes and their market value could also be affected if an underlier sponsor changes these policies, for example by changing the manner in which it calculates the index underlier or an index basket underlier, or if an underlier sponsor discontinues or suspends calculation or publication of the index underlier or an index basket underlier, in which case it may become difficult to determine the market value of the notes. If events such as these occur, or if the final underlier or final basket level is not available because of a market disruption event, non-trading day or for any other reason, and no successor underlier or basket underlier is selected, the calculation agent—which initially will be UBS Securities LLC, an affiliate of UBS—may determine the final underlier or final basket level—and thus the amount payable at maturity—in a manner it considers appropriate.

Historical performance of the underlier or any basket underlier should not be taken as an indication of the future performance of the underlier or any basket underlier during the term of the notes.

The market prices of the underlier constituents will determine the level(s) of the underlier or basket underliers. The historical performance of the underlier or basket underliers should not be taken as an indication of the future performance of the underlier or basket underliers. As a result, it is impossible to predict whether the level of the underlier or basket underliers will rise or fall. Market prices of the underlier constituents will be influenced by complex and interrelated political, economic, financial, judicial, force majeure and other factors that can affect the market prices of such underlier constituents.

Moreover, any basket of underliers to which the notes may be linked does not have a recognized market value and no historical performance data will be available. The closing levels of the basket underliers will determine the level of the basket of underliers.

An investment in the notes may be subject to risks associated with non-U.S. markets.

Some or all of the underlier constituents may be issued by non-U.S. companies and may trade on non-U.S. exchanges. An investment in securities linked directly or indirectly to the value of non-U.S. equity securities or non-U.S.

exchange-traded futures contracts involves particular risks.

Generally, non-U.S. securities and futures markets may be more volatile than U.S. securities and futures markets, and market developments may affect non-U.S. markets differently from U.S. securities and futures markets. Direct or indirect government intervention to stabilize these non-U.S. markets, as well as cross shareholdings in non-U.S. companies, may affect market prices and volumes in those markets. There is generally less publicly available information about non-U.S. companies than about those U.S. companies that are subject to the reporting requirements of the SEC, and non-U.S. companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. Similarly, regulations of the Commodity Futures Trading Commission generally do not apply to trading on non-U.S. exchanges, and trading on non-U.S. exchanges may involve different and greater risks than trading on U.S. exchanges.

Securities and futures prices in non-U.S. countries are subject to political, economic, financial and social factors that may be unique to the particular country. These factors, which could negatively affect the non-U.S. securities and futures markets, include the possibility of recent or future changes in the non-U.S. government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other non-U.S. laws or restrictions applicable to non-U.S. companies or investments in non-U.S. securities or futures contracts and the possibility of fluctuations in the rate of exchange between currencies. Moreover, certain aspects of a particular non-U.S. economy may differ favorably or unfavorably from the U.S. economy in important respects, such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

The underlier or basket return for the notes will not be adjusted for changes in exchange rates related to the U.S. dollar, which might affect an underlier or basket underlier whose underlier constituents are traded in currencies other than the U.S. dollar.

Although the underlier constituents for the underlier or basket underliers may be traded in, or their market prices may be converted into, currencies other than the U.S. dollar, the notes are denominated in U.S. dollars, and the calculation of the amount payable on the notes at maturity will not be adjusted for changes in the exchange rates between the U.S. dollar and any of the currencies in which such underlier constituents are denominated. Changes in exchange rates, however, may reflect changes in various non-U.S. economies that in turn may affect the underlier or basket return, as applicable, and therefore, the amount payable on your notes. The amount we pay in respect of the notes on the maturity date will be determined solely in accordance with the procedures described in "General Terms of the Notes" beginning on page PS-45.

The notes may be subject to currency exchange risk.

Because the market prices of the underlier constituents may be converted by an underlier sponsor into U.S. dollars or a currency other than U.S. dollars for the purposes of calculating the level of the underlier or basket of underliers, as applicable, holders of the notes may be exposed to currency exchange rate risk with respect to each of the countries represented in any underlier or basket underlier. If the underlier sponsor of any underlier or basket underlier makes such a conversion, an investor's net exposure to such currency exchange risk will depend on the extent to which the foreign currencies of the underlier constituents comprising any such underlier or basket underlier strengthen or weaken against the U.S. dollar or such other currency. If the U.S. dollar or such other currency strengthens against the foreign currencies in which such underlier constituents are denominated, the level of any such underlier or basket underlier may be adversely affected, and the cash settlement amount of the notes may be reduced.

Of particular importance to potential currency exchange risk are:

- existing and expected rates of inflation;
- existing and expected interest rate levels;
- the balance of payments;
- the extent of governmental surpluses or deficits in the countries relevant to the underlier or basket underlier, as applicable, and the United States of America; and
- actions of central banks, such as intervention in the foreign exchange markets and quantitative easing.

All of these factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of various countries relevant to the underlier or basket underliers, the U.S. and other countries important to international trade and finance.

In addition, it has been reported that the U.K. Financial Conduct Authority and regulators from other countries are in the process of investigating the potential manipulation of published currency exchange rates. If such manipulation has occurred or is continuing, certain published exchange rates may have been, or may be in the future, artificially lower (or higher) than they would otherwise have been. Any such manipulation could have an adverse impact on any payments on, and the value of, your notes and the trading market for your notes. In addition, we cannot predict whether any changes or reforms affecting the determination or publication of exchange rates or the supervision of currency trading will be implemented in connection with these investigations. Any such changes or reforms could also adversely impact your notes.

If your notes are linked to a U.S. dollar denominated underlier or basket underlier, the underlier constituents of which trade in foreign currencies but are converted by the underlier sponsor to their U.S. dollar equivalents, suspensions or disruptions of market trading in one or more foreign currencies may adversely affect the value of your notes.

The foreign currency exchange markets are subject to temporary distortions or other disruptions due to various factors, including government regulation and intervention, the lack of liquidity in the markets and the participation of speculators. If the applicable pricing supplement specifies that you are exposed to foreign currency risk (because a U.S. dollar denominated underlier or basket underlier itself converts the prices of underlier constituents that trade in foreign currencies to their U.S. dollar equivalents or otherwise), these circumstances could adversely affect the relevant foreign currency exchange rates and, therefore, the value of your notes and your cash settlement amount, if any.

If your notes are linked to an ETF underlier, the value of the shares of an ETF may not completely track the value of the shares of the securities in which the ETF invests or the level of its respective target index.

With respect to any ETF underlier, you should be aware that, although the trading characteristics and valuations of that ETF will usually mirror the characteristics and valuations of the underlier constituents in which that ETF invests, the value of the ETF may not completely track the value of its underlier constituents. The value of the ETF will reflect transaction costs and fees that the underlier constituents in which the ETF invests do not have.

In addition, the ETF underlier may seek to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of a specific index (the "target index"). The correlation between the performance of an ETF and the performance of its target index may not be perfect. Although the performance of an ETF seeks to replicate the performance of its target index, the ETF may not invest in all the securities, futures contracts or commodities comprising such target index but rather may invest in a representative sample of such assets comprising the target index. Also, an ETF may not fully replicate the performance of its target index due to the temporary unavailability of certain securities, futures contracts or commodities comprising such target index. Furthermore, because an ETF is traded on a national securities exchange and is subject to the market supply and demand by investors, the market value of an ETF may differ from the net asset value per share of the ETF. Finally, the performance of an ETF will reflect transaction costs and fees that are not included in the calculation of its target index. As a result of the foregoing, the performance of an ETF may not exactly replicate the performance of its target index.

In addition, although shares of an ETF may be currently listed for trading on an exchange, there is no assurance that an active trading market will continue for the shares of an ETF or that there will be liquidity in the trading market.

If your notes are linked to an ETF underlier, your investment in the notes may be subject to concentration risks.

The underlier stocks of an ETF underlier may be stocks of companies representing a particular market sector, a particular geographic region or some other sector. As a result, your investment in the notes may be concentrated in a single sector. Although your investment in the notes will not result in the ownership or other direct interest in the underlier stocks, the return on your investment in the notes will be subject to certain risks similar to those associated with direct equity investments in the market, geographic region or sector represented by the relevant underlier stocks.

RISKS RELATED TO CHARACTERISTICS AND ISSUES OF COMMODITY INDICES AND ETFS WITH COMMODITIES CONSTITUENTS

In the case of notes linked to a commodities index or an ETF underlier with commodity constituents, commodity prices may change unpredictably, affecting the value of your notes in unforeseeable ways.

Commodity prices are affected by a variety of factors, including weather, governmental programs and policies, national and international political, military, terrorist and economic events, changes in interest and exchange rates, and trading activities in commodities and related futures contracts. These factors may affect the level of any underlier or basket underlier that is a commodity index or an ETF underlier and, therefore, the value of your notes in varying ways. Different factors may cause the value of different commodities and the volatilities of their prices to move in inconsistent directions and at inconsistent rates.

In the case of notes linked to a commodities index or an ETF underlier with commodity constituents, such notes may not offer direct exposure to commodity spot prices.

Your notes may be linked to an underlier or basket underlier that is comprised of commodity futures contracts, not physical commodities (or their spot prices). The price of a futures contract reflects the expected value of the commodity upon delivery in the future, whereas the spot price of a commodity reflects the immediate delivery value of the commodity. A variety of factors can lead to a disparity between the expected future price of a commodity and the spot price at a given point in time, such as the cost of storing the commodity for the term of the futures contract, interest charges incurred to finance the purchase of the commodity and expectations concerning supply and demand for the commodity. The price movements of a futures contract are typically correlated with the movements of the spot price of the referenced commodity, but the correlation is generally imperfect and price moves in the spot market may not be reflected in the futures market (and vice versa). Accordingly, the notes may underperform a similar investment that is linked to commodity spot prices.

In the case of notes linked to a commodities index or an ETF underlier with commodity constituents, suspensions or disruptions of market trading in the commodity and related futures markets may adversely affect the value of your notes.

Commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some non-U.S. exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price”. Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the level(s) of any underlier or basket underlier that is a commodity index or an ETF underlier with commodity constituents and, therefore, the value of your notes and your cash settlement amount, if any.

In the case of notes linked to a commodities index or an ETF underlier with commodity constituents, higher future prices of commodities included in any underlier or basket underlier relative to their current prices may lead to a decrease in the amount payable at maturity.

Your notes may be linked to an underlier or basket underlier that is comprised of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for delivery of the applicable physical commodity. As the exchange-traded futures contracts approach expiration, they are replaced by contracts that have a later expiration. The relative sale prices of the contracts with earlier and later expiration dates will depend on the commodities included in any underlier or basket underliers and the markets for those commodities during the term of your notes. Sale prices for contracts with later expiration dates that are higher than the sale prices for contracts expiring earlier could adversely affect the value of any commodity index or an ETF underlier with commodity constituents to which your notes are linked and, accordingly, decrease the payment you receive at maturity.

HEDGING ACTIVITIES AND CONFLICTS OF INTEREST

Trading and other transactions by UBS or its affiliates in the underlier constituents, futures, options, exchange-traded funds or other derivative products on such underlier constituents or the underlier or basket underliers may impair the market value of the notes.

As described below under "Use of Proceeds and Hedging" on page PS-61, UBS or its affiliates may hedge their obligations under the notes by purchasing an ETF underlier, underlier constituents, futures or options on the underlier constituents or the underlier or basket underliers, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the performance of the underlier constituents or the underlier or basket underliers, and they may adjust these hedges by, among other things, purchasing or selling these instruments at any time. Although they are not expected to, any of these hedging activities may adversely affect the market prices of such underlier constituents and/or the level(s) of the underlier or basket underliers and, therefore, the cash settlement amount and the market value of the notes. It is possible that UBS or its affiliates could receive substantial returns from these hedging activities while the market value of the notes declines. No holder of the notes will have any rights or interest in our hedging activity or any positions we may take in connection with our hedging activity.

UBS or its affiliates may also engage in trading in the underlier constituents and the above listed instruments on a regular basis as part of our general broker-dealer and other businesses for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could adversely affect the market prices of the ETF underlier, underlier constituents and the level(s) of the underlier or basket underliers and, therefore, the cash settlement amount and the market value of the notes. UBS or its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the underlier constituents or the underlier or basket underliers. By introducing competing products into the marketplace in this manner, UBS or its affiliates could adversely affect the market value of, and your return on, the notes.

UBS Securities LLC and other affiliates of UBS, as well as other third parties, may also make a secondary market in the notes, although they are not obligated to do so. As market makers, trading of the notes may cause UBS Securities LLC or other affiliates of UBS, as well as other third parties, to be long or short the notes in their inventory. The supply and demand for the notes, including inventory positions of market makers, may affect the secondary market price for the notes.

The business activities of UBS or its affiliates may create conflicts of interest.

As noted above, UBS and its affiliates expect to engage in trading activities related to the underlier or basket underliers and the underlier constituents that are not for the account of holders of the notes or on their behalf. These trading activities may present a conflict between the holders' interest in the notes and the interests UBS and its affiliates will have in facilitating transactions, including block trades and options and other derivatives transactions for their customers and in accounts under their management. These trading activities, if they influence the level of the underlier or any basket underlier, could be adverse to the interests of the holders of the notes.

In the case of notes linked to an ETF, an equity index or a basket of underliers that includes an ETF and/or an equity index, UBS and its affiliates may, at present or in the future, engage in business with the issuers of the ETF or the underlier stocks, including making loans to or providing advisory services to those companies. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between the obligations of UBS or another affiliate of UBS and the interests of holders of the notes as beneficial owners of the notes. Any of these activities by UBS, UBS Securities LLC or other affiliates may affect the market prices of the ETF underlier or the underlier stocks and the level of the underlier or any basket underlier and, therefore, the cash settlement amount and the market value of the notes.

We and our affiliates may publish research, express opinions or provide recommendations that are inconsistent with investing in or holding the notes. Any such research, opinions or recommendations could affect the level of the underlier or any basket underlier or the market value of, and the return on, the notes.

UBS and its affiliates publish research from time to time on financial markets, commodities markets and other matters that may influence the value of the notes, or express opinions or provide recommendations that are inconsistent with purchasing or holding the notes. UBS and its affiliates may have published research or other opinions that call into question the investment view implicit in your notes. 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 notes and the underlier or the basket of underliers to which the notes are linked.

There are potential conflicts of interest between you and the calculation agent.

Our affiliate, UBS Securities LLC, will serve as the calculation agent. UBS Securities LLC will, among other things, decide the amount of the cash payment, if any, at maturity of the notes. We may change the calculation agent after the original issue date of any notes without notice. For a fuller description of the calculation agent's role, see "General Terms of the Notes — Role of Calculation Agent". The calculation agent will exercise its judgment when performing its functions. For example, the calculation agent may have to determine whether a market disruption event affecting the underlier or a basket underlier has occurred or is continuing on the determination date. This determination may, in turn, depend on the calculation agent's judgment as to whether the event has materially interfered with our ability or the ability of any of our affiliates to unwind hedge positions. See "General Terms of the Notes – Market Disruption Event" and "Use of Proceeds and Hedging". Because this determination by the calculation agent may affect the cash settlement amount on the notes, the calculation agent may have a conflict of interest if it needs to make any such decision.

Affiliates of UBS may act as agent or dealer in connection with the sale of the notes.

UBS and its affiliates act in various capacities with respect to the notes. We and our affiliates may act as a principal, agent or dealer in connection with the sale of the notes. Such affiliates, including the sales representatives, may derive compensation from the distribution of the notes and such compensation may serve as an incentive to sell these notes instead of other investments. We may pay dealer compensation to any of our affiliates acting as agents or dealers in connection with the distribution of the notes.

We may sell an additional aggregate face amount of the notes at a different issue price.

At our sole option, we may decide to sell an additional aggregate face amount of the notes subsequent to the date of the applicable pricing supplement. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the original issue price you paid as provided in the applicable pricing supplement.

If you purchase your notes at a premium to face amount, the return on your investment will be lower than the return on notes purchased at face amount and the impact of certain key terms of the notes will be negatively affected.

The cash settlement amount will not be adjusted based on the issue price you pay for the notes. If you purchase notes at a price that differs from the face amount of the notes, then the return on your investment in such notes held to the stated maturity date will differ from, and may be substantially less than, the return on notes purchased at face amount. If you purchase your notes at a premium to face amount and hold them to the stated maturity date the return on your investment in the notes will be lower than it would have been had you purchased the notes at face amount or a discount to face amount.

RISKS RELATED TO TAXATION ISSUES

Significant aspects of the tax treatment of the notes are uncertain.

Significant aspects of the tax treatment of the notes are uncertain, including the timing and character of any income inclusion in respect of your notes. We do not plan to request a ruling from the IRS regarding the tax treatment of the notes, and the IRS or a court may not agree with the tax treatment described in this product supplement or the applicable pricing supplement. You are urged to carefully read the section entitled "Material U.S. Federal Income Tax Consequences" herein and to consult your tax advisor concerning the U.S. federal income tax, and any other tax, consequences of acquiring, holding or disposing of your notes.

There exists a risk that an investment in notes that are linked to an underlier or basket underlier that is an ETF or contains shares of an ETF, PFIC, REIT or other “pass-thru entity” could be treated as a “constructive ownership” transaction which could result in all or a part of any long-term capital gain realized by you on sale, maturity or other taxable disposition of a note being recharacterized as ordinary income and subject to an interest charge (and in the case of notes linked to gold or silver ETF, subject to a maximum tax rate of 28% applicable to “collectibles” for any long-term capital gain not recharacterized under Section 1260 of the Code).

Notice 2008-2. In 2007, the IRS released a notice that may affect the taxation of holders of the notes. According to Notice 2008-2, the IRS and the Treasury are actively considering whether the holder of an instrument similar to the notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. 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 notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether non-U.S. 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 Code should be applied to such instruments. Both U.S. and non-U.S. 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 notes for U.S. federal income tax purposes in accordance with the treatment described under “Material U.S. Federal Income Tax Consequences” herein unless and until such time as the Treasury Department and IRS determine that some other treatment is more appropriate.

The tax discussion herein addresses certain tax consequences that are generally expected to be applicable to the notes issued off of this product supplement but it does not address the tax treatment of any particular note. Accordingly, tax consequences may be different than those described herein may be applicable to any particular note. The tax consequences for a particular note will be discussed in the applicable pricing supplement. Further, this discussion only addresses the tax treatment of notes that do not bear a coupon and notes that are not linked to currency exchange rates. The tax treatment of income bearing notes or currency-linked notes will be addressed in the applicable pricing supplement.

Both U.S. and non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the notes (including possible application of Section 1260 of the Code and alternative treatments and the issues presented by Notice 2008-2), as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction (including that of the underlier issuer and/or the jurisdictions of the underlying constituent issuers, as applicable).

General Terms of the Notes

The following is a summary of the general terms of the notes. The information in this section is qualified in its entirety by the more detailed explanation set forth elsewhere in the applicable pricing supplement and in the accompanying prospectus. In this section, references to "holders" mean those who own the notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in the notes registered in street name or in the notes issued in book-entry form through the Depository Trust Company ("DTC") or another depositary. Owners of beneficial interests in the notes should read the section entitled "Legal Ownership and Book-Entry Issuance" in the accompanying prospectus.

We may issue separate offerings of the notes that may be identical in all respects, except that each offering may be linked to the performance of a different underlier or basket of underliers and will be subject to the particular terms of the respective notes set forth in the applicable pricing supplement. Each offering of the notes is a separate and distinct security and you may invest in one or more offerings of the notes as set forth in the applicable pricing supplement. The performance of each offering of the notes will depend solely upon the performance of the underlier or basket of underliers to which such offering is linked and will not depend on the performance of any other offering of the notes.

Investing in the notes involves significant risks. The notes differ from ordinary debt securities in that UBS is not necessarily obligated to repay the full amount of your initial investment. You may lose all or a significant portion of your investment. Further, any payment on the notes, 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 notes and you could lose your entire investment.

In addition to the terms described elsewhere in this product supplement, the following general terms will apply to the notes. The applicable pricing supplement may use different defined terms than those used herein to describe the notes. If there is any inconsistency between the terms described in the applicable pricing supplement and those described in this product supplement, the index supplement or the accompanying prospectus, the following hierarchy will govern: first, the applicable pricing supplement; second, this product supplement; third, the index supplement; and last, the accompanying prospectus.

Interest

Unless otherwise specified in the applicable pricing supplement, the notes will not pay interest. If so specified, the notes would pay interest at a fixed rate or a floating rate on the interest payment dates, all as specified in the applicable pricing supplement.

Denomination

Each note will have a face amount of $1,000, unless otherwise specified in the applicable pricing supplement.

Underlier, Basket Underlier, ETF Underlier Issuer, Underlier Sponsor and Underlier Constituents

In this product supplement, when we refer to an underlier, we mean the applicable underlier specified in the applicable pricing supplement, or any successor underlier, as such underlier or successor underlier may be modified, replaced or adjusted from time to time as described below under " — Discontinuance of or Adjustments to the Index Underlier or an Index Basket Underlier; Alteration of Method of Calculation" and "— Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier". When we refer to a basket underlier, we mean the applicable underlier included in the basket of underliers specified in the applicable pricing supplement, or any successor underlier, as such underlier or successor underlier may be modified, replaced or adjusted from time to time as described below under " — Discontinuance of or Adjustments to the Index Underlier or an Index Basket Underlier; Alteration of Method of

Calculation" and "— Delisting, Discontinuance or Modification of the ETF Underlier or an ETF Basket Underlier". When we refer to an underlier sponsor as of any time, we mean the entity, including any successor sponsor, that determines and publishes the applicable index underlier or index basket underlier as then in effect, if applicable. When we refer to an ETF underlier issuer as of any time, we mean the entity, including any issuer, that issues shares of the applicable ETF underlier or ETF basket underlier as then in effect, if applicable. When we refer to the underlier constituents as of any time, except as otherwise stated herein or in any applicable pricing supplement hereto, we mean the stocks, futures contracts on physical commodities and other constituents that comprise the applicable underlier or basket underlier, or any constituent underlier of such underlier or basket underlier, as then in effect, after giving effect to any additions, deletions or substitutions. If applicable, when we refer to constituent indices as of any time, except as otherwise stated herein or in any applicable pricing supplement hereto, we mean the component indices that may comprise the applicable index underlier or basket index underlier as then in effect, after giving effect to any additions, deletions or substitutions.

Payment of Cash Settlement Amount on Stated Maturity Date

On the stated maturity date, we will exchange each of your notes for the cash settlement amount, if any, subject to any adjustments or modifications specified in the applicable pricing supplement, as described below.

Cash Settlement Amount for Notes With Buffer Level

This subsection entitled "— Cash Settlement Amount for Notes With Buffer Level" is applicable to your notes if the applicable pricing supplement specifies a buffer level for your notes. If the applicable pricing supplement so provides, the buffer level will be a positive amount equal to a specified percentage (less than 100% and greater than 0%) of the initial underlier level or initial basket level.

Notes Linked to a Single Underlier. If the final underlier level is greater than the initial underlier level, the cash settlement amount will be an amount in cash equal to the *sum* of (i) the face amount of each of your notes *plus* (ii) the *product* of (A) the face amount of each of your notes *times* (B) the upside participation rate *times* (C) the underlier return, subject to adjustment described under "— Cash Settlement Amount for Notes Subject to Cap Level — Notes Linked to a Single Underlier" below if the applicable pricing supplement specifies a cap level. Because the underlier return will be a positive percentage in this case, the cash settlement amount will be greater than the face a