

EUR Standard DOCU on EUR/USD



Linked to EUR/USD

Issued by UBS AG, Jersey Branch

SVSP Product Type: Reverse Convertible (1220)

Valor: tbd

Private Placement

Indicative Trade Terms
25 May 2012 10:05:17 GMT

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ff of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA (this paragraph is relevant to public offerings in Switzerland only).

1. Description of the Product

Information on Underlying

Underlying	Spot Level (indicative)	Strike (indicative)
EUR/USD, defined as the USD amount per 1 EUR	1.2581	1.2727

Product Details

Valor	tbd
Issue Size	EUR 100,000.00
Denomination / Nominal	EUR 0.01 per Product (traded in nominal)
Issue Price (indicative)	100% (subject to market conditions) of the Denomination
Principal Currency	EUR
Alternative Currency	USD
Payment / Coupon	8.0000% p.a. (basis ACT/360). For tax purposes the Coupon payment is split in two components: 0.2350% p.a. interest component 7.7650% p.a. premium component
Quoting Type	Secondary Market prices are quoted dirty; accrued interest is included in the price.

Dates

Pricing Date / Trading Date	25 May 2012
Value Date / Issue Date	29 May 2012
Expiration Date and Time ("Expiration")	27 Jun 2012 10:00 AM New York Time (subject to Disruption Event provisions)
Tenor	31 days
Redemption Date	29 Jun 2012 (subject to Disruption Event provisions)

Redemption

The Investor is entitled to receive from the Issuer on the Redemption Date a cash amount according to the following scenarios:

Scenario 1	If the Final Spot Fixing is below the Strike, the Investor is repaid in the Principal Currency the Nominal per Product plus the Coupon.
Scenario 2	If the Final Spot Fixing is at or above the Strike, the Investor is repaid in the Alternative Currency the Nominal per Product plus the Coupon, both converted at a rate equivalent to the Strike.
Final Spot Fixing	Official Underlying rate at Expiration, as reasonably determined by the Calculation Agent.

Redemption amount(s) according to above Scenarios for selected Investment amounts:

Investment amount	Scenario 1	Scenario 2
EUR 100,000.00	EUR 100,688.89	USD 128,146.75

Product Structure

Standard DOCUs are tailor-made structured products belonging to the "Optimisation" category that combine a money market investment with an option strategy in the foreign exchange or precious metals market. DOCUs offer potentially higher returns than conventional money market investments in sideways or slightly negative/positive exchange rate markets, but have no capital protection. The above market yield compensates for the risk of being repaid in a currency other than the Principal Currency.

General Information

Issuer	UBS AG, Jersey Branch
Issuer Rating	Aa3 Moody's / A S&P's / A Fitch
Lead Manager	UBS AG, Zurich
Calculation Agent	UBS AG (UBS Investment Bank)
Paying Agent	UBS AG, Zurich
Listing	None, private placement
Secondary Market	Bid only
Business Days	TARGET 2
Minimum Investment	USD 50,000.00 equivalent
Minimum Trading Lot	1
Status	Unsecured / Unsubordinated
Clearing	Booked at UBS
Form of Deed	Uncertificated securities
Governing Law / Jurisdiction	Swiss / Zurich
Product	One Standard DOCU with the given Denomination/Nominal is equivalent to one (1) "Product". "Products" wherever used herein shall be construed to mean integral multiples of the same, subject to the Issue Size.

Swiss Tax Treatment

Swiss Transfer Stamp Duty	The product does not qualify as a taxable security (TK22/3). Transactions are not subject to Swiss Transfer Stamp Duty.
Swiss Income Tax	For Swiss tax purposes this product is qualified as a combination of an option and a bond, where the majority of the return is in the form of a discount or of one payment on redemption date (IUP). For private investors resident in Switzerland the increase of the bond floor at sale or redemption respectively is subject to income tax. The taxable income equals the positive difference between the bond floor at sale* or redemption* and the bond floor at purchase*. The bond floor at redemption equals the sum of 100% of the Nominal and the interest component of the coupon. However, any gain derived from the option is considered as capital gain and is therefore for such investors not subject to income tax. * For products which are not denominated in Swiss Francs, the bond floor has to be converted into Swiss Francs at the prevailing exchange rate at sale or redemption and at purchase.
Swiss Issuer Withholding Tax	This product is not subject to the Swiss Issuer Withholding Tax. It depends on the jurisdiction of the paying agent and of the issuer whether a foreign withholding tax applies.
EU Savings Tax for Paying Agents in Switzerland	For paying agents in Switzerland, the interest component of the coupon is subject to the EU Savings Tax (TK6).

The tax information only provides a general overview over the Swiss tax consequences linked to this product based on the tax laws and the practice of the tax administration at the time of issue. Tax laws and the practice of tax administrations may change, possibly with retroactive effect.

Product Documentation

The Final Terms together with the "General Terms and Conditions for tailor-made foreign-exchange and precious metal-linked structured products", as amended from time to time ("General Terms and Conditions") shall form the entire documentation for this Product ("Product Documentation"), and accordingly the Final Terms should always be read together with the General Terms and Conditions. Definitions used in the Final Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. Furthermore, the Final Terms shall serve as and fulfil the requirements of a 'Simplified Prospectus' in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). In the event that the Product is listed (see above item 'Listing' under 'General Information'), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

During the whole term of this Product, the respective documents can be ordered free of charge from UBS AG at P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com). In addition, for clients outside of the United Kingdom, the Product Documentation is available on the internet at www.ubs.com/keyinvest.

Notices in connection with this Product shall be validly given by publication on UBS Quotes (www.ubs.com/quotes) and, for clients outside of the United Kingdom, on UBS Keyinvest (www.ubs.com/keyinvest).

This document contains a summary of selected product information and is for illustration purposes only. The comprehensive and legally binding product information is set out exclusively in the product documentation consisting of the relevant Final Terms and the "General Terms and Conditions for tailor-made foreign-exchange and precious metals-linked structured products" (the "Product Documentation"). The Product Documentation will be in English only.

Classification

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA.

Furthermore, this Product does not benefit from any depositor protection under Art. 37b under the Swiss Federal Law on Banks and Savings Banks (Banking Act) or other forms of deposit insurance under any other law as might be applicable to this Product.

Prudential Supervision

UBS AG is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). In addition, its London Branch is authorised and regulated by the Financial Services Authority (FSA) and its Jersey Branch by the Jersey Financial Services Commission (JFSC).

2. Prospects of Profits and Losses

Market Expectation	Investors in this Product expect the Underlying to trade flat to slightly negative or positive over the lifetime of the Product. In any case the Investors expect that the Underlying will not breach the Strike at Expiration.
Risk Tolerance	Investors in this Product should be experienced investors and familiar with both derivative products and the currency/precious metal markets. Although the Investors benefit from a predefined Coupon payment, they must be willing to make an investment that is exposed to the full down-side risk of the Alternative Currency. The Investors do not require capital protection and the investment is subject to the credit risk of the Issuer.
Profit Potential	The profit potential is limited to the Coupon payment.
Loss Potential	The Investors may lose some or all of the investment as they are fully exposed to any devaluation of the Alternative Currency. A high coupon can indicate a higher risk, in that the rate of the Coupon relative to the rate of the risk-free return indicates the overall risk of the product.

3. Significant Risks for Investors

For product specific risks please see above (2. Prospects of Profits and Losses)

Risk Factors relating to the Issuer

In addition to the market risk with regard to the development of the Underlying, each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, particularly in case of insolvency of the Issuer, rank pari passu with each and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

The Issuer Ratings indicated in this document reflect the situation at the time of issuance and may be subject to changes. The actual Issuer Ratings at any given time can be seen on the Issuer's website (www.ubs.com) under "Analysts & Investors".

Secondary Market - Bid Only

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide only bid prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential Investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price.

Market Risk

The investor is exposed to market disruption events (such as trading disruption, exchange disruption and early closure of the relevant exchange), adjustments and early termination which could have an impact on the redemption amount through delay in payment or change in value. For a detailed description of such events and their effects please read the Final Terms and the General Terms and Conditions.

Important Information

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this document relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this document. UBS' trading and/or hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells this Product to dealers and other financial institutions at a discount to the issue price or rebates to them for their account some proportion of the issue price. Further information is available on request.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document should not be construed as an offer, personal recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Products/Notes (the "Prospectus").

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This document shall not be copied or reproduced without UBS' prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Products described herein, save where explicitly stated in the Product Documentation. The Products must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

There is a possibility that costs, including taxes, related to transactions in connection with this Product may arise for the Investor that are not paid by UBS or imposed by it.

Selling Restrictions

Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.

The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.

Europe - Any public offer of this Product within an EEA jurisdiction (EU member states plus Norway, Iceland and Liechtenstein) shall only be possible if compliant with the requirements of the EUPD and with the law of that jurisdiction.

If the prospectus either does not qualify as a prospectus published in accordance with the requirements of the EUPD or is not filed with or notified to the relevant Financial Supervisory Authority, this Product may not be offered or sold in EEA jurisdictions other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies), provided that the offer is only being made in one or more EEA jurisdiction that will not, before the end of the offer period for the Notes, have implemented the provision under the Directive 2010/73/EU (the "PD Amending Directive") that increases this minimum denomination (or total consideration per investor) to EUR 100,000; or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 or, if the relevant EEA jurisdiction has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons that are not Qualified Investors per EEA jurisdiction. "Qualified Investors" are persons or entities as defined in the Prospectus Directive.

For information on public offering in EEA jurisdictions please see under section "General Information" above.

Hong Kong - Each purchaser has represented and agreed that it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Products, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Products which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to any offer. If an investor is in any doubt about any of the contents of this document, the investor should obtain independent professional advice.

This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it.

Singapore - This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this Product may not be circulated or distributed, nor may this Product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Cap. 289) of Singapore ("SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where this Product is subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant of an offer made under Section 275 of the SFA except:
- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276 (4)(i)(B) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law; or
 - (4) as specified in Section 276 (7) of the SFA.

UK - For the purposes of non-discretionary accounts, this Product should not be sold with a consideration of less than 100,000 EUR or equivalent.

USA - This Product may not be sold or offered within the United States or to U.S. persons.