

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (THE “UNITED STATES”).**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached tender offer memorandum (as it may be supplemented or amended from time to time, the **“Tender Offer Memorandum”**) and you are therefore required to read this disclaimer page carefully before accessing, reading or making any other use of the Tender Offer Memorandum. By accessing, reading or making any other use of the Tender Offer Memorandum, you agree (in addition to giving the representations below) to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from UBS AG (in its capacity as the entity making the Offers (as defined below), the **“Offeror”**), UBS Limited (the **“Dealer Manager”**) and/or Lucid Issuer Services Limited (the **“Tender Agent”**), as a result of such access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meaning given to them in the Tender Offer Memorandum.

**THE TENDER OFFER MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE TENDER OFFER MEMORANDUM MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES AND TO PERSONS TO WHOM IT IS OTHERWISE LAWFUL TO SEND THE TENDER OFFER MEMORANDUM. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE TENDER OFFER MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THESE REQUIREMENTS MAY RESULT IN A VIOLATION OF THE APPLICABLE LAWS OF THE UNITED STATES OR OTHER JURISDICTIONS.**

**Confirmation of your representation:** In order to be eligible to view the Tender Offer Memorandum or make an investment decision with respect to the Offers (as defined below), you must be outside the United States and otherwise able to participate lawfully in the invitations by the Offeror to Holders of the Securities (as defined below) to tender their Securities for purchase by the Offeror for cash (the **“Offers”**) on the terms and subject to the conditions set out in the Tender Offer Memorandum, including the offer and distribution restrictions set out therein (the **“Offer and Distribution Restrictions”**). The Tender Offer Memorandum was sent at your request and by accessing the Tender Offer Memorandum you shall be deemed to have represented to the Offeror, the Dealer Manager and the Tender Agent that:

- (i) you are a Holder or a beneficial owner of any of (a) the €1,250,000,000 Floating Rate Notes due 17 June 2013 (ISIN: XS0637843979), the €750,000,000 Floating Rate Notes due 16 May 2014 (ISIN: XS0783295131), the €1,500,000,000 5.625 per cent. Notes due 19 May 2014 (ISIN: XS0428956287), the €1,750,000,000 3.50 per cent. Notes due 15 July 2015 (XS0526073290), the €1,500,000,000 3.125 per cent. Notes due 18 January 2016 (ISIN: XS0732496194), in each case issued by UBS AG acting through its London Branch; (b) the €750,000,000 4.75 per cent. Notes due 7 June 2017 (ISIN: XS0304031775), issued by UBS AG acting through its Jersey Branch; or (c) the ITL2,500,000,000,000 Zero Coupon Notes due 2027 issued by Union Bank of Switzerland Finance N.V. and guaranteed by Union Bank of Switzerland (ISIN: XS0071948540) (collectively, the **“Securities”**);
- (ii) neither you nor any beneficial owner of Securities, nor any other person on whose behalf you are acting, either directly or indirectly, is a person located or resident in the United States;
- (iii) the electronic mail address that you have given to us and to which the Tender Offer Memorandum has been delivered is not located in the United States;
- (iv) you are a person to whom it is lawful to send the Tender Offer Memorandum or to make an invitation pursuant to the Offers under all applicable laws, including the Offer and Distribution Restrictions; and
- (v) you consent to delivery of the Tender Offer Memorandum to you by electronic transmission.

The Tender Offer Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Offeror, the Dealer Manager, the Tender Agent or any person who controls, or any director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Tender Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Dealer Manager or the Tender Agent.

You are otherwise reminded that the Tender Offer Memorandum has been sent to you on the basis that you are a person into whose possession the Tender Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and you may not, nor are you authorised to, deliver the Tender Offer Memorandum to any other person.

If any recipient of this Tender Offer Memorandum has sold or otherwise transferred all of its Securities, it should inform the Tender Agent accordingly.

Any materials relating to the Offers do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. In those jurisdictions where securities or other laws require the Offers to be made by a licensed broker or dealer and the Dealer Manager or, where the context so requires, any of its affiliates is such a licensed broker or dealer in that jurisdiction, the Offers shall be deemed to be made on behalf of the Offeror by the Dealer Manager or such affiliate (as the case may be) in such jurisdiction.

This Tender Offer Memorandum may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

**Restrictions:** Nothing in this electronic transmission constitutes an offer to buy or the solicitation of an offer to sell securities in the United States or in any circumstances in which such offer or solicitation would be unlawful.

**The distribution of the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Tender Offer Memorandum comes are required by the Offeror, the Dealer Manager and the Tender Agent to inform themselves about, and to observe, any such restrictions.**

**You are responsible for protecting against viruses and other destructive items.** Your use of this electronic communication is at your own risk. It is your responsibility to take precautions to ensure that this electronic communication is free from viruses and other items of a destructive nature.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. NOT FOR DISTRIBUTION IN OR INTO OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES**

THIS TENDER OFFER MEMORANDUM DOES NOT CONSTITUTE AN INVITATION TO PARTICIPATE IN THE OFFERS IN OR FROM THE UNITED STATES OR ANY OTHER JURISDICTION IN OR FROM WHICH, OR TO OR FROM ANY PERSON TO OR FROM WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER UNDER APPLICABLE SECURITIES LAWS OR OTHERWISE. THE DISTRIBUTION OF THIS DOCUMENT IN CERTAIN JURISDICTIONS (IN PARTICULAR, THE UNITED KINGDOM, THE UNITED STATES, BELGIUM, FRANCE, ITALY, SWITZERLAND, SINGAPORE OR THE PEOPLE'S REPUBLIC OF CHINA) MAY BE RESTRICTED BY LAW SEE "OFFER AND DISTRIBUTION RESTRICTIONS" BELOW. PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES ARE REQUIRED BY THE DEALER MANAGER AND THE OFFEROR TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS. NO ACTION THAT WOULD PERMIT A PUBLIC OFFER HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION BY THE DEALER MANAGER OR THE OFFEROR.



(organised under the laws of Switzerland)

**OFFER TO PURCHASE FOR CASH UP TO €2,250,000,000 (OR EQUIVALENT, AS DESCRIBED HEREIN) IN AGGREGATE PRINCIPAL AMOUNT OF THE OUTSTANDING SECURITIES LISTED BELOW**

The Offers (as defined below) will expire at 5:00 p.m., London time, on 19 February 2013, unless extended, re-opened or earlier terminated by the Offeror in its sole and absolute discretion (such time and date, as the same may be extended or re-opened, the "Expiration Deadline"). Holders (as defined herein) must validly tender their Securities (as defined below) prior to the Expiration Deadline in order to be eligible to receive the Purchase Price (as defined herein) and accrued and unpaid interest.

UBS AG (in its capacity as the entity making the Offers (as defined below) the "Offeror"), invites Holders of the €1,250,000,000 Floating Rate Notes due 17 June 2013 ("Series 1 Securities"), the €750,000,000 Floating Rate Notes due 16 May 2014 ("Series 2 Securities"), the €1,500,000,000 5.625 per cent. Notes due 19 May 2014 ("Series 3 Securities"), the €1,750,000,000 3.50 per cent. Notes due 15 July 2015 ("Series 4 Securities"), the €1,500,000,000 3.125 per cent. Notes due 18 January 2016 ("Series 5 Securities"), in each case issued by UBS AG acting through its London Branch; the €750,000,000 4.75 per cent. Notes due 7 June 2017 ("Series 6 Securities") issued by UBS AG acting through its Jersey Branch; and the ITL2,500,000,000,000 Zero Coupon Notes due 2027 issued by Union Bank of Switzerland Finance N.V. and guaranteed by Union Bank of Switzerland ("Series 7 Securities") (together, the "Securities" and each a "Series") to tender Securities for purchase for cash up to €2,250,000,000 (or equivalent, as described herein) on the terms and subject to the conditions contained in this Tender Offer Memorandum (each such invitation an "Offer" and, together, the "Offers").

Title of Security	ISIN	Common Code	Principal Amount Outstanding	Benchmark	Purchase Spread	Minimum Purchase Price	Purchase Price	Maximum Offer Amount
Floating Rate Notes due 2013 <sup>(1)</sup>	XS0637843979	063784397	€1,250,000,000	N/A	N/A	N/A	€1,002.10 per €1,000	
Floating Rate Notes due 2014 <sup>(1)</sup>	XS0783295131	078329513	€750,000,000	N/A	N/A	N/A	€1,006.70 per €1,000	
5.625 per cent. Notes due 2014 <sup>(1)</sup>	XS0428956287	042895628	€1,500,000,000	Applicable Interpolated Mid-Swap Rate	+11 bps	N/A	To be determined as set out herein	Up to €2,250,000,000
3.50 per cent. Notes due 2015 <sup>(1)</sup>	XS0526073290	052607329	€1,750,000,000	Applicable Interpolated Mid-Swap Rate	+20 bps	N/A	To be determined as set out herein	(or the equivalent as described herein) in aggregate principal amount (subject to the right of the Offeror to amend such amount as provided in "Amendment and Termination" below)
3.125 per cent. Notes due 2016 <sup>(1)</sup>	XS0732496194	073249619	€1,500,000,000	Applicable Interpolated Mid-Swap Rate	+20 bps	N/A	To be determined as set out herein	
4.75 per cent. Notes due 2017 <sup>(2)</sup>	XS0304031775	030403177	€750,000,000	Applicable Interpolated Mid-Swap Rate	+20 bps	N/A	To be determined as set out herein	
Zero Coupon Notes due 2027 <sup>(3)</sup>	XS0071948540	007194854	ITL 1,225,555,000,000 <sup>(4)</sup>	N/A	N/A	59.00 per cent.	To be determined pursuant to a modified Dutch auction	

(1) Issued by UBS AG acting through its London Branch.

(2) Issued by UBS AG acting through its Jersey Branch.

(3) The Zero Coupon Notes due 2027 were originally issued by Union Bank of Switzerland Finance N.V. (currently UBS Finance (Curacao) N.V.) and guaranteed by Union Bank of Switzerland (currently UBS AG).

(4) Includes ITL100,290,000,000 aggregate principal amount of the Zero Coupon Notes due 2027 held by the Offeror.

**Dealer Manager**

**UBS INVESTMENT BANK**

The date of this Tender Offer Memorandum is 5 February 2013

In this Tender Offer Memorandum, the Series 1 Securities and the Series 2 Securities are collectively referred to as the **“Floating Rate Notes”**; the Series 3 Securities, the Series 4 Securities, the Series 5 Securities and the Series 6 Securities are collectively referred to as the **“Fixed Rate Notes”**; the Series 7 Securities are referred to as the **“Modified Dutch Auction Securities”**; the Floating Rate Notes and the Fixed Rate Notes are collectively referred to as the **“Euro Securities”**.

The Purchase Price for the Floating Rate Notes is set forth on the cover page of this Tender Offer Memorandum. The Purchase Price for the Fixed Rate Notes will be determined at the Price Determination Time (as defined below) in the manner described in this Tender Offer Memorandum by reference to the sum (such sum, the **“Purchase Yield”**) of the relevant Purchase Spread (as defined below) and the applicable Interpolated Mid-Swap Rate. Specifically, the Purchase Price per €1,000 in principal amount of the Fixed Rate Notes will equal (i) the value per €1,000, in principal amount of all remaining payments of principal and interest due to be made up to and including the scheduled maturity date for such Series, discounted to the Settlement Date at a discount rate equal to the relevant Purchase Yield, minus (ii) Accrued Interest (as defined below). The Purchase Price for the Modified Dutch Auction Securities will be determined pursuant to a modified Dutch auction procedure (the **“Modified Dutch Auction Procedure”**) under which the Offeror will determine, in its sole discretion, at the Price Determination Time, the Purchase Price for such Securities taking into account the principal amount of the Modified Dutch Auction Securities so tendered and the Minimum Purchase Prices specified (or deemed to be specified, as set out below) by tendering Holders. The Purchase Price (if any) in respect of the Modified Dutch Auction Securities will represent the lowest price at which the Offeror determines to purchase an aggregate principal amount of such Securities (the **“Clearing Price”**), which amount purchased will be equal to the Series Acceptance Amount (as defined herein) in respect of the Modified Dutch Auction Securities.

The price payable per €1,000 in principal amount of Euro Securities accepted for purchase (if any) will be an amount in euro payable on the Settlement Date and equal to the applicable Purchase Price plus any Accrued Interest Payment. The price payable per ITL5,000,000 in principal amount of Modified Dutch Auction Securities accepted for purchase (if any) will be an amount in euro (calculated using the ITL FX Rate (as defined below)) payable on the Settlement Date and equal to the Clearing Price.

The maximum aggregate principal amount of Securities to be accepted in the Offers across all Series of Securities combined (converted in the case of Modified Dutch Auction Securities at the ITL FX Rate) is €2,250,000,000 (or such greater or lesser amount as the Offeror may determine in its sole discretion) (the **“Maximum Offer Amount”**). The Offeror reserves the right, subject to applicable laws, to amend the terms of the Offers, including an increase or decrease in the Maximum Offer Amount. See *“Amendment and Termination”*. The Offeror will determine the allocation of the Maximum Offer Amount between each Series of Securities in its sole discretion.

Securities that have not been validly tendered and/or accepted for purchase pursuant to the Offers will remain outstanding after the Settlement Date. Securities that are accepted in the Offers will be purchased, retired and cancelled by the Offeror and no longer remain outstanding obligations of the Offeror or UBS Finance (Curacao) N.V., as applicable.

The Offeror reserves the right, in its sole and absolute discretion, to extend, withdraw, terminate or amend the terms and conditions of the Offers at any time until the Offeror announces whether it has accepted valid tenders of Securities pursuant to all, or any of the Offers, subject to applicable laws and as provided in this Tender Offer Memorandum under the heading *“Amendment and Termination”*. Details of any such extension, amendment, withdrawal or termination will be notified to the Holders as soon as possible after such decision. An offer to tender Securities for purchase may only be made by the submission of a valid Tender Instruction. The acceptance of Securities for purchase pursuant to the Offers is conditional on the satisfaction of the conditions to each Offer, as set out in *“Terms and Conditions of the Offers—General Conditions of the Offers”*.

**THE OFFERS WILL EXPIRE AT 5:00 P.M. (LONDON TIME), ON 19 FEBRUARY 2013 (THE “EXPIRATION DEADLINE”) UNLESS EXTENDED, RE-OPENED OR TERMINATED AT THE SOLE AND ABSOLUTE DISCRETION OF THE OFFEROR AS DESCRIBED IN “AMENDMENT AND TERMINATION”.**

**Custodians, Direct Participants and Clearing Systems will have deadlines for receiving instructions prior to the Expiration Deadline and Holders should contact the Intermediary through which they hold their Securities as soon as possible to ensure proper and timely delivery of instructions.**

Any questions or requests for assistance in connection with this Tender Offer Memorandum may be directed to the Dealer Manager at the telephone number or e-mail address provided on the back cover of this Tender Offer Memorandum. Any questions or requests for assistance in connection with the delivery of Tender Instructions or requests for additional copies of this Tender Offer Memorandum or related documents, which may be obtained free of charge, may be directed to Lucid Issuer Services Limited (the “**Tender Agent**”) at the telephone number or e-mail address provided on the back cover of this Tender Offer Memorandum.

The Offeror and its affiliates also reserve the right at any time or from time to time following completion or cancellation of the Offers (and subject to applicable laws) to purchase or exchange or offer to purchase or exchange Securities or to issue an invitation to submit offers to sell Securities (including, without limitation, those tendered pursuant to these Offers but not accepted for purchase), in each case on terms that may be more or less favourable than those contemplated by the Offers.

Before making a decision with respect to the Offers, Holders should carefully consider all of the information in this Tender Offer Memorandum and, in particular, the risk factors described in the section entitled “*Risk Factors and Other Considerations*”.

The Offeror is making the Offers only in those jurisdictions where it is legal to do so. See “*Offer and Distribution Restrictions*”.

## **TABLE OF CONTENTS**

---

	<u>Page</u>
IMPORTANT INFORMATION .....	1
IMPORTANT NOTE RELATING TO THE CONCURRENT TENDER OFFER.....	3
OFFER AND DISTRIBUTION RESTRICTIONS .....	4
INDICATIVE TIMETABLE.....	7
DEFINITIONS .....	9
RISK FACTORS AND OTHER CONSIDERATIONS.....	14
TERMS AND CONDITIONS OF THE OFFERS.....	17
PROCEDURES FOR PARTICIPATING IN THE OFFERS .....	24
AMENDMENT AND TERMINATION .....	30
TAX CONSEQUENCES.....	32
DEALER MANAGER AND TENDER AGENT.....	33
FEES AND EXPENSES .....	33
MISCELLANEOUS.....	33

## IMPORTANT INFORMATION

**This Tender Offer Memorandum contains important information which should be read carefully before any decision is made with respect to a tender of Securities pursuant to the Offers. If any Holder is in any doubt as to the action it should take or is unsure of the impact of the Offers, it is recommended to seek its own financial and legal advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Securities are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or Intermediary must contact such entity if it wishes to tender Securities in the Offers. None of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) is providing Holders with any legal, business, tax or other advice in this Tender Offer Memorandum nor is making any recommendation as to whether or not Holders should tender any Securities in the Offers or refrain from tendering any Securities, and none of them has authorised any person to make any such recommendation. Holders should consult with their own advisers as needed to assist them in making an investment decision and to advise them whether they are legally permitted to tender Securities for cash.**

The Offeror accepts responsibility for the information contained in this Tender Offer Memorandum. To the best of the knowledge and belief of the Offeror (having taken all reasonable care to ensure that such is the case), the information contained in this Tender Offer Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each Holder is solely responsible for making its own independent appraisal of all matters as such Holder deems appropriate (including those relating to the relevant Offers and Tender Offer Memorandum) and each Holder must make its own decision as to whether to tender any or all of its Securities for purchase pursuant to the relevant Offers. Accordingly, each person receiving this Tender Offer Memorandum acknowledges that such person has not relied upon the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) in connection with its decision as to whether to participate in the Offers. Each such person must make its own analysis and investigations regarding the Offers, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it. If such person is in any doubt about any aspect of the Offers and/or the action it should take, including in respect of any tax consequences, it should consult its professional advisers.

None of the Dealer Manager, the Tender Agent or any of their respective directors, employees or affiliates makes any representation whatsoever regarding this Tender Offer Memorandum or the Offers and none of the Offeror, the Dealer Manager, the Tender Agent or their respective directors, employees or affiliates makes any recommendation whatsoever regarding this Tender Offer Memorandum or the Offers, including as to whether Holders of Securities should tender Securities for purchase pursuant to the Offers. The Tender Agent is the agent of the Offeror and owes no duty to any Holder.

Neither of the Dealer Manager nor the Tender Agent (or any of their respective directors, officers, employees, agents or affiliates) assumes any responsibility for the accuracy or completeness of the information concerning the Offers, the Offeror, any of its affiliates or the Securities contained in this Tender Offer Memorandum or for any failure by the Offeror to disclose events that may have occurred and may affect the significance or accuracy of such information in this Tender Offer Memorandum.

No person has been authorised to give any information or to make any representation other than those contained in this Tender Offer Memorandum in connection with the Offers and, if given or made, such information or representation must not be relied upon as having been authorised by the Offeror or the Dealer Manager. Neither the delivery of this Tender Offer Memorandum nor any purchase of Securities pursuant to the Offers shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Offeror, since the date of this Tender Offer Memorandum or that the information contained in this Tender Offer Memorandum is correct as of any time subsequent to the date of this Tender Offer Memorandum.

The Offeror is making the Offers only in those jurisdictions where it is legal to do so. See “*Offer and Distribution Restrictions*”. This document does not constitute a “*prospectus*” for the purposes of Directive 2003/71/EC (as amended).

Securities can only be tendered in the Offers in accordance with the procedures described in “*Procedures for Participating in the Offers*”. Holders who do not participate in the Offers, or whose Securities are not accepted for purchase, will continue to hold their Securities.

Holders must comply with all laws that apply to them in any place in which they possess this Tender Offer Memorandum. Holders must also obtain any consents or approvals that they need in order to tender their Securities. None of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) is responsible for Holders’ compliance with these legal requirements. See “*Offer and Distribution Restrictions*”. The applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done in relation to the Offers in, from or otherwise involving the United Kingdom.

**THIS TENDER OFFER MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO PURCHASE SECURITIES IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER UNDER APPLICABLE SECURITIES LAWS. THE DELIVERY OF THIS TENDER OFFER MEMORANDUM SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR RELATED DOCUMENTS OR IN THE OFFEROR’S AFFAIRS SINCE THE DATE HEREOF.**

For the avoidance of doubt, each invitation by the Offeror to Holders contained in this Tender Offer Memorandum is an invitation to treat by the Offeror and any references to the Offers or invitations being made by the Offeror under or in respect of the Offers shall be construed accordingly.

Unless the context otherwise requires, all references in this Tender Offer Memorandum to a “**Holder**” or “**Holder of the Securities**” include:

- (a) each person who is shown in the records of Euroclear Bank S.A./N.V. (“**Euroclear**”) or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**” and, together with Euroclear, the “**Clearing Systems**” and each a “**Clearing System**”) as a holder of the Securities (also referred to as “**Direct Participants**” and each a “**Direct Participant**”);
- (b) any broker, dealer, commercial bank, trust company or other nominee or custodian who holds Securities; and
- (c) each beneficial owner of Securities holding such Securities, directly or indirectly, in accounts in the name of a Direct Participant acting on the beneficial owner’s behalf,

except that for the purposes of any payment to a Holder pursuant to any of the Offers of the Purchase Price and any Accrued Interest Payment, to the extent the beneficial owner of the relevant Securities is not a Direct Participant, such payment will only be made by the relevant Clearing System to the relevant Direct Participant and the making of such payment by or on behalf of the Offeror to such Clearing System and by such Clearing System to the relevant Direct Participant will satisfy the obligations of the Offeror and such Clearing System respectively, in respect of the purchase and payment of such Securities.

In this Tender Offer Memorandum, (i) “**€**”, “**euro**” and “**EUR**” refer to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam, and (ii) “**Italian lira**” and “**ITL**” refer to the currency that was, prior to January 1, 1999, the lawful currency of the Republic of Italy.

As used in this Tender Offer Memorandum, “**Business Day**” means any day (other than a Saturday, Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in London.



Capitalised terms used in this Tender Offer Memorandum have the meaning given in “*Definitions*” and any other definitions of such terms are for ease of reference only and shall not affect their interpretation.

#### **IMPORTANT NOTE RELATING TO THE CONCURRENT TENDER OFFER**

Concurrently with the Offers, the Offeror is inviting holders of certain of its other securities to sell such securities to the Offeror. Holders may not tender any securities in these Offers other than the Securities specified on the cover page of this Tender Offer Memorandum.

## OFFER AND DISTRIBUTION RESTRICTIONS

*This Tender Offer Memorandum does not constitute an offer or an invitation to participate in the Offers in the United States or in any other jurisdiction in which, or to any person to or from whom, it is unlawful to make such offer or invitation or for there to be such participation under applicable laws. The distribution of this Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Tender Offer Memorandum comes are required by each of the Offeror, the Dealer Manager and the Tender Agent to inform themselves about and to observe any such restrictions.*

### United States

The Offers are not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. The Securities may not be tendered in any Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this Tender Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Securities in an Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Securities made by a person located or resident in the United States, or any agent, fiduciary or other Intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each Holder participating in an Offer will be deemed to represent that it is not located or resident in the United States and is not participating in such Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in such Offer from the United States. For the purposes of this and the above paragraph, “**United States**” means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

### United Kingdom

The communication of this Tender Offer Memorandum and any other documents or materials relating to the Offers has not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials is exempt from the restriction on financial promotions under section 21(1) of the FSMA on the basis that it is only directed at and may only be communicated to (1) those persons who are existing members or creditors of the Offeror or other persons within Article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and (2) any other persons to whom such documents and/or materials may lawfully be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Offeror.

### Belgium

Neither this Tender Offer Memorandum nor any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers / Autoriteit voor financiële diensten en markten*) and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids as amended or replaced from time to time. Accordingly, the Offers may not be advertised and the Offers will not be extended, and neither this Tender Offer Memorandum nor any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than “qualified investors” in the sense of Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account. This Tender Offer Memorandum has been issued only for the personal use of the above qualified

investors and exclusively for the purpose of the Offers. Accordingly, the information contained in this Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

## **France**

The Offers are not being made, directly or indirectly, to the public in France. Neither this Tender Offer Memorandum nor any other documents or offering materials relating to the Offers, has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*, are eligible to participate in the Offers. This Tender Offer Memorandum has not been submitted to the clearance procedures (*visa*) of the *Autorité des marchés financiers*.

## **Italy**

None of the Offers, this Tender Offer Memorandum or any other documents or materials relating to the Offers has been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”), pursuant to applicable Italian laws and regulations.

The Offers are being carried out in the Republic of Italy (“**Italy**”) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended (the “**CONSOB Regulation**”). The Offers are also being carried out in compliance with article 35-bis, paragraph 7 of the CONSOB Regulation.

Holders or beneficial owners of the Securities located in Italy can offer the Securities through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Securities or the Offers.

## **Switzerland**

Neither this Tender Offer Memorandum nor any other offering or marketing material relating to the Securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange. Accordingly, the investor protection rules otherwise applicable to investors in Switzerland do not apply to the Offers. When in doubt, investors based in Switzerland are recommended to contact their legal, financial or tax adviser with respect to the Offers.

## **Singapore**

Neither this Tender Offer Memorandum nor any other documents or materials relating to the Offers has been or will be registered as a prospectus with the Monetary Authority of Singapore. The Offers do not constitute a public tender offer for the purchase of Notes or a public offering of securities in Singapore pursuant to Section 273(1)(e) of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”). Accordingly, the Offers are not being made, and this Tender Offer Memorandum and any other documents or materials relating to the Offers are not to be circulated or distributed, whether directly or indirectly, to persons located or resident in Singapore other than to (i) an institutional investor under Section 274 of the SFA, (ii) a relevant person as defined in Section 275(1) of the SFA, or to any person as referred to in 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.

## **The People's Republic of China**

This Tender Offer Memorandum may not be circulated or distributed in or into the People's Republic of China (the "**PRC**") and the Offers may not be made, directly or indirectly, to any resident of the PRC except to the extent consistent with the applicable laws and regulations of the PRC.

### **General**

The Offers do not constitute an offer to buy or the solicitation of an offer to sell Securities in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Offers to be made by a licensed broker or dealer and the Dealer Manager or, where the context so requires, any of its affiliates is such a licensed broker or dealer in that jurisdiction, the Offers shall be deemed to be made on behalf of the Offeror by the Dealer Manager or such affiliate (as the case may be) in such jurisdiction.

In addition to the representations referred to above in respect of the United States, each Holder participating in an Offer will also be deemed to give certain representations in respect of the other jurisdictions referred to above and generally as set out in "*Procedures for Participating in the Offers*". Any tender of Securities for purchase pursuant to an Offer from a Holder that is unable to make these representations may be rejected. Each of the Offeror, the Dealer Manager and the Tender Agent reserves the right, in their absolute discretion, to investigate, in relation to any tender of Securities for purchase pursuant to an Offer, whether any such representation given by a Holder is correct and, if such investigation is undertaken and as a result the Offeror determines (for any reason) that such representation is not correct, such tender may be rejected.

## INDICATIVE TIMETABLE

*This is an indicative timetable showing one possible outcome for the timing of the Offers based on the dates in this Tender Offer Memorandum. This timetable is subject to change and dates and times may be extended, reopened or amended by the Offeror in accordance with the terms of the Offers as described in this Tender Offer Memorandum. Accordingly, the actual timetable may differ from the timetable below.*

Date and Time	Action
5 February 2013	<p><b><i>Commencement of the Offers</i></b></p> <p>Offers announced through the relevant Reuters International Insider Screen, the Clearing Systems, any required Stock Exchange Notices and by publication on a Notifying News Service and the Offeror's website.</p> <p>Tender Offer Memorandum available from the Tender Agent.</p>
5:00 p.m. (London time) on 19 February 2013	<p><b><i>Expiration Deadline</i></b></p> <p>Deadline for receipt by the Tender Agent of all Tender Instructions in order for Holders to be able to participate in the Offers and to be eligible to receive the relevant Purchase Price and Accrued Interest Payment (if any) on the Settlement Date.</p>
As soon as practicable, prior to the Price Determination Time	<p><b><i>Announcement of Indicative Offer Results</i></b></p> <p>Announcement by the Offeror of the indicative results of the Offers, including the indicative Series Acceptance Amounts, the Clearing Price and the Proration Factors, if any, subject to acceptance by the Offeror of validly tendered Securities.</p>
At or around 2:00 p.m. (London time) on 20 February 2013	<p><b><i>Price Determination Time</i></b></p> <p>The Offeror will determine the relevant Reference Yields, Purchase Yields, Series Acceptance Amounts (which may be zero in respect of any Series), Proration Factors (if any), the Clearing Price and Purchase Prices.</p>
As soon as practicable after the Price Determination Time	<p><b><i>Announcement of Final Offer Results</i></b></p> <p>Announcement by the Offeror of whether it will accept Offers in respect of a particular Series of Securities, and, if so (where applicable): the Reference Yield; the Purchase Yield; the Clearing Price; the Purchase Price; confirming the Proration Factors (if any); and the Series Acceptance Amounts (which may be zero in respect of any Series).</p>
22 February 2013	<p><b><i>Settlement Date</i></b></p> <p>Expected Settlement Date for Securities validly tendered and accepted by the Offeror. Payment of the relevant Purchase Price and Accrued Interest Payment (if any) in respect of any such Securities.</p>

Subject to applicable securities laws and the terms set within this Tender Offer Memorandum, the Offeror reserves the right, with respect to any or all of the Securities, (i) to waive or modify in whole or in part any and all conditions to the Offers, (ii) to extend the Expiration Deadline, (iii) to modify or terminate the Offers or (iv) to otherwise amend the Offers in any respect. In the event that the Offers are terminated or otherwise not completed, the applicable Purchase Price relating to the Securities subject to the Offers will not be paid or become payable, without regard to whether Holders have validly tendered their Securities (in which case such tendered Securities will be unblocked by the relevant Clearing System).

Announcements in connection with the Offers will be made by the issue of a press release through the relevant Reuters International Insider Screen, a Notifying News Service, by the delivery of notices to the Clearing Systems for communication to Direct Participants, by delivery of any required Stock Exchange Notices and by publication on the Offeror's website. Copies of all such announcements, press releases and notices will also be available from the Tender Agent, the contact details for whom are on the last page of this Tender Offer Memorandum. Delays may be experienced where notices are delivered via Clearing Systems and Holders are urged to contact the Tender Agent for the relevant announcements relating to the Offers. In addition, Holders may contact the Dealer Manager for information using the contact details on the last page of this Tender Offer Memorandum.

**Holders are advised to check with any bank, securities broker or other Intermediary through which they hold Securities as to when such Intermediary requires the receipt of instructions from a Holder in order for that Holder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offers before the deadlines specified above. The deadlines set by any such Intermediary and each Clearing System for the submission of Tender Instructions will be earlier than the relevant deadlines specified above. See *"Procedures for Participating in the Offers"*.**

## DEFINITIONS

Accrued Interest .....	Interest accrued and unpaid on the relevant Securities from (and including) the immediately preceding interest payment date for such Securities to (but excluding) the Settlement Date.
Accrued Interest Payment .....	An amount in cash payable as purchase consideration (rounded to the nearest €0.01, with €0.005 being rounded upwards) equal to the Accrued Interest on the relevant Securities validly tendered for purchase by a Holder and accepted for purchase by the Offeror.
Business Day .....	A day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London.
Clearing System Notice .....	The “Deadlines and Corporate Events” or similar form of notice to be sent to Direct Participants by each of Euroclear and Clearstream, Luxembourg on or about the date of this Tender Offer Memorandum informing Direct Participants of the procedures to be followed in order to participate in the Offers.
Clearing Price .....	The lowest price at which the Offeror determines to purchase the Modified Dutch Auction Securities.
Clearing Systems .....	Clearstream, Luxembourg and Euroclear.
Clearstream, Luxembourg .....	Clearstream Banking, <i>société anonyme</i> .
Competitive Tender Instruction .....	A Tender Instruction in respect of Modified Dutch Auction Securities which specifies (i) the aggregate principal amount of such Securities tendered pursuant to such Tender Instruction (which shall be expressed as an increment of ITL5,000,000 and in any event shall not be less than the Minimum Denomination of the Modified Dutch Auction Securities), and (ii) a purchase price, in increments of 0.25 per cent. (ITL12,500 per ITL5,000,000), that is greater than the Minimum Purchase Price, that a Holder would be willing to accept as the Purchase Price.
Conditions .....	The terms and conditions of the Securities.
Dealer Manager .....	UBS Limited. Where the context so requires, a reference to “Dealer Manager” will include the affiliates of the Dealer Manager.
Direct Participant .....	Each person shown in the records of the Clearing Systems as a holder of the Securities.
Euroclear .....	Euroclear Bank S.A./N.V.
Euro Offers .....	The Offers in respect of the Euro Securities.
Euro Securities .....	The €1,250,000,000 Floating Rate Notes due 17 June 2013 (“ <b>Series 1 Securities</b> ”), the €750,000,000 Floating Rate Notes due 16 May 2014 (“ <b>Series 2 Securities</b> ”), the €1,500,000,000 5.625 per cent. Notes due 19 May 2014 (“ <b>Series 3 Securities</b> ”), the €1,750,000,000 3.50 per cent. Notes due 15 July 2015 (“ <b>Series 4 Securities</b> ”), the €1,500,000,000 3.125 per cent. Notes due 18 January 2016 (“ <b>Series 5 Securities</b> ”) and the €750,000,000 4.75

	per cent. Notes due 7 June 2017 (“ <b>Series 6 Securities</b> ”).
Expiration Deadline .....	5:00 p.m. (London time) on 19 February 2013 (subject to the right of the Offeror to extend, re-open and/or terminate the Offers, as applicable).
Financial Promotion Order .....	U.K. Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).
Fixed Rate Notes.....	The €1,500,000,000 5.625 per cent. Notes due 19 May 2014 (“ <b>Series 3 Securities</b> ”), the €1,750,000,000 3.50 per cent. Notes due 15 July 2015 (“ <b>Series 4 Securities</b> ”), the €1,500,000,000 3.125 per cent. Notes due 18 January 2016 (“ <b>Series 5 Securities</b> ”) and the €750,000,000 4.75 per cent. Notes due 7 June 2017 (“ <b>Series 6 Securities</b> ”).
Floating Rate Notes .....	The Series 1 Securities and the Series 2 Securities.
Holder .....	A holder of the Securities (including as further defined on page 2 of this Tender Offer Memorandum).
Intermediary .....	Any broker, dealer, bank, custodian, trust company, nominee or other Direct Participant in any Clearing Systems who holds Securities or an interest in Securities on behalf of another person.
Interpolated Mid-Swap Rate .....	The Interpolated Mid-Swap Rate in respect of the Fixed Rate Notes (as further described in the Annex).
ITL FX Rate.....	The Italian lira/euro foreign exchange rate of ITL1,936.27 per €1.00, which is the fixed conversion rate adopted pursuant to the Council Regulation (EC) 2866/98.
Maximum Offer Amount .....	€2,250,000,000 in aggregate principal amount of Securities across all Series of Securities combined (calculated, to the extent necessary, using the ITL FX Rate), or such greater or lesser amount as the Offeror may determine in its sole discretion.
Minimum Denomination.....	The minimum denomination of each Series of Securities, being: <ul style="list-style-type: none"> <li>(i) €50,000 in principal amount in respect of the Series 1 Securities;</li> <li>(ii) €1,000 in principal amount in respect of the Series 2 Securities;</li> <li>(iii) €1,000 in principal amount in respect of the Series 3 Securities;</li> <li>(iv) €1,000 in principal amount in respect of the Series 4 Securities;</li> <li>(v) €1,000 in principal amount in respect of the Series 5 Securities;</li> <li>(vi) €1,000 in principal amount in respect of the Series 6 Securities; and</li> </ul>



	(vii) ITL5,000,000 in principal amount in respect of the Series 7 Securities.
Minimum Purchase Price .....	59.00 per cent.
Modified Dutch Auction Offer .....	The Offer in respect of the Modified Dutch Auction Securities.
Modified Dutch Auction Procedure .....	The modified Dutch auction procedure that will be used to determine the Purchase Price for the Modified Dutch Auction Securities, as described in this Tender Offer Memorandum.
Modified Dutch Auction Securities .....	ITL2,500,000,000,000 Zero Coupon Notes due 2027 issued by Union Bank of Switzerland Finance N.V. and guaranteed by Union Bank of Switzerland (the “ <b>Series 7 Securities</b> ”).
Non-Competitive Tender Instruction .....	A Tender Instruction in respect of Modified Dutch Auction Securities which specifies the aggregate principal amount of such Securities tendered pursuant to such Tender Instruction (which shall be in increments of ITL5,000,000 and in any event shall not be less than the relevant Minimum Denomination of the Modified Dutch Auction Securities), but which either (a) does not specify a purchase price or (b) specifies a purchase price less than or equal to the Minimum Purchase Price. Each Tender Instruction that does not specify a purchase price for the Modified Dutch Auction Securities subject of the Tender Instruction or specifies a purchase price less than or equal to the Minimum Purchase Price will be deemed to have specified a purchase price equal to the Minimum Purchase Price.
Notifying News Service .....	A recognised financial news service or services (e.g. Reuters/Bloomberg) as selected by the Offeror.
Offer and Distribution Restrictions .....	The offer and distribution restrictions referred to in “ <i>Offer and Distribution Restrictions</i> ”.
Offeror .....	UBS AG, a bank organised under the laws of Switzerland.
Offers .....	The invitations by the Offeror to Holders (subject to the Offer and Distribution Restrictions) to tender their Securities for purchase for cash up to the Maximum Offer Amount, on the terms and subject to the conditions set out in this Tender Offer Memorandum.
Price Determination Date .....	20 February 2013.
Price Determination Time .....	At or around 2:00 p.m. (London time) on the Price Determination Date.
Purchase Price .....	<p>The Purchase Price for the Floating Rate Notes is set forth on the cover page of this Tender Offer Memorandum.</p> <p>The Purchase Price for the Fixed Rate Notes will be determined at the Price Determination Time in the manner described in this Tender Offer Memorandum by reference to the sum of the relevant Purchase Spread and the relevant Reference Yield.</p> <p>The Purchase Price for the Modified Dutch Auction Securities will be determined at the Price Determination Time pursuant to the</p>

Modified Dutch Auction Procedure taking into account the principal amount of the Modified Dutch Auction Securities tendered and the Minimum Purchase Prices specified (or deemed to be specified) by tendering Holders. The Purchase Price (if any) in respect of the Modified Dutch Auction Securities will represent the lowest price at which the Offeror determines to purchase an aggregate principal amount of such Securities.

The price payable per €1,000 in principal amount of the Euro Securities accepted for purchase (if any) will be an amount in euro payable on the Settlement Date and equal to the applicable Purchase Price plus any Accrued Interest Payment. The price payable per ITL5,000,000 in principal amount of the Modified Dutch Auction Securities accepted for purchase (if any) will be an amount in euro payable on the Settlement Date and equal to the Clearing Price.

Purchase Spread.....	The purchase spread over the relevant Reference Yield for Securities validly tendered pursuant to an Offer, being: <ul style="list-style-type: none"> <li>(i) +11 basis points in respect of the Series 3 Securities;</li> <li>(ii) +20 basis points in respect of the Series 4 Securities;</li> <li>(iii) +20 basis points in respect of the Series 5 Securities; and</li> <li>(iv) +20 basis points in respect of the Series 6 Securities.</li> </ul>
Purchase Yield .....	In respect of the Fixed Rate Notes, the sum of the relevant Purchase Spread and the relevant Reference Yield.
Reference Yield .....	In respect of the Fixed Rate Notes, the relevant Interpolated Mid-Swap Rate, as determined at the Price Determination Time.
Proration Factor .....	The factor to be used for any proration of tenders of Securities in the circumstances set out in “ <i>Terms and Conditions of the Offers—Proration</i> ”.
Securities.....	The Euro Securities and the Modified Dutch Auction Securities.
Series.....	Each series of Securities.
Series Acceptance Amount.....	The aggregate principal amount (if any) of any Series of Securities validly tendered that the Offeror decides, in its sole discretion, that it will accept for purchase pursuant to the Offers.
Settlement Date.....	Expected to be 22 February 2013 (subject to the right of the Offeror to extend, re-open, amend and/or terminate the relevant Offer).
Stock Exchange Notice .....	Any notice that may be required by the London Stock Exchange, the Luxembourg Stock Exchange or the SIX Swiss Exchange.
Tender Agent .....	Lucid Issuer Services Limited, acting as tender agent in respect of the Offers.

Tender Instruction.....	The electronic tender and blocking instruction in the form specified in the Clearing System Notice for submission by Direct Participants to the Tender Agent via the relevant Clearing System and in accordance with the requirements of such Clearing System by the relevant deadline in order for Holders to be able to participate in the Offers.
No Recommendation .....	None of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) is providing Holders with any legal, business, tax or other advice in this Tender Offer Memorandum nor is it making any recommendation as to whether or not Holders should tender any Securities in the Offers or retain from tendering any Securities, and none of them has authorised any person to make any such recommendation. Holders should consult with their own advisers as needed to assist them in making an investment decision and to advise them whether they are legally permitted to tender Securities for cash.

## **RISK FACTORS AND OTHER CONSIDERATIONS**

*Before making a decision with respect to the Offers, Holders should carefully consider, in addition to the other information contained in this Tender Offer Memorandum, the following:*

***The trading market for Securities not purchased may be limited.***

Although the Securities that are not validly tendered for purchase by Holders or accepted for purchase by the Offeror will continue to be admitted to the Official List of the United Kingdom Financial Services Authority and to trading on the Regulated Market of the London Stock Exchange plc (in the case of the Series 2 Securities, the Series 3 Securities, the Series 4 Securities and the Series 7 Securities) and the Luxembourg Stock Exchange (in the case of the Series 1 Securities, the Series 5 Securities and the Series 6 Securities), to the extent tenders of Securities for purchase in an Offer are accepted by the Offeror and such Offer is completed, the trading market for the relevant Securities that remain outstanding following the completion of such Offer may be significantly more limited. If a significant portion of the outstanding Securities in any given Series are purchased pursuant to the Offers, the liquidity of the Securities of that Series that remain outstanding following completion of the relevant Offer will be adversely affected. Any such remaining Securities may command a lower price than a comparable issue of securities with greater market liquidity. A reduced market value and liquidity may also make the trading price of such remaining Securities more volatile. Accordingly, the market price for such Securities that remain outstanding after the completion of such Offers may be adversely affected as a result of such Offers. None of the Offeror, the Dealer Manager or the Tender Agent has any duty to make a market in any such remaining Securities. It will not be possible to ascertain the aggregate nominal amount of the Securities of a given Series to be accepted for purchase prior to the Expiration Deadline and such amount could vary if the Offeror increases or decreases the Maximum Offer Amount.

***The Securities will be subject to Transfer Restrictions upon Tender.***

When considering whether to tender Securities in the Offers, Holders should take into account that restrictions on the transfer of the Securities will apply from the time of such tender. Such a Holder will, on tendering Securities in the Offers, agree that the relevant Securities will be blocked in the relevant account at the relevant Clearing System from the date that the tender of Securities is made until the earlier of (i) the time of settlement on the Settlement Date and (ii) the date of any termination of the relevant offer (including where such Securities are not accepted by the Offeror for purchase) or on which the tender of Securities is revoked, in the limited circumstances in which such revocation is permitted (see “*Amendment and Termination—Revocation Rights*”), in accordance with the terms of the Offers. If the Offeror withdraws or terminates the Offers, any Securities tendered for purchase will not be purchased and will be unblocked by the relevant Clearing System.

***The Offeror is not obliged to accept for purchase securities tendered. The Maximum Offer Amount is subject to change and each Series Acceptance Amount will be set at the discretion of the Offeror.***

The Offeror is not under any obligation to accept for purchase any Securities tendered pursuant to the Offers. The Offeror may increase or decrease the Maximum Offer Amount as described herein and may set the Series Acceptance Amount in respect of any Series at any level (including zero) in its sole and absolute discretion. Tenders of Securities may be rejected in the sole discretion of the Offeror for any reason and the Offeror is not under any obligation to Holders to furnish any reason or justification for refusing to accept for purchase a tender of Securities. For example, tenders of Securities may be rejected if the Offers are terminated, if the Offers do not comply with the relevant requirements of a particular jurisdiction or for any other reason.

***Holders are responsible for complying with the procedures for participating in the Offers.***

Holders are responsible for complying with all of the procedures for submitting a Tender Instruction. Holders who wish to tender their Securities for purchase should allow sufficient time for timely completion of the relevant submission procedures. None of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) assume any responsibility for informing Holders of irregularities with respect to any such Holder’s Tender Instruction or for notifying the Holder of any failure to follow the proper procedure.

If Securities are held through a broker, dealer, commercial bank, trust company or other nominee, such entity may require the relevant Holder to take action with respect to the relevant Offer a number of days before the Expiration Deadline in order for such entity to tender for purchase the relevant Securities on the relevant Holder's behalf on or prior to the Expiration Deadline.

***Holders have the responsibility to consult their own tax, accounting, financial, legal and professional advisers before participating in the Offers.***

Holders should consult their own tax, accounting, financial, legal and professional advisers as they may deem appropriate regarding the tax, accounting, financial and legal consequences of participating or declining to participate in the Offers. In particular, due to the number of different jurisdictions where tax laws may apply to a Holder, this Tender Offer Memorandum does not discuss all tax consequences for Holders arising from the purchase by the Offeror of the relevant Securities and the receipt of any Accrued Interest. Holders are urged to consult their own professional advisers regarding any tax consequences under the laws of any relevant jurisdictions. Holders are liable for their own taxes and have no recourse to the Offeror, the Dealer Manager or the Tender Agent with respect to taxes arising in connection with the Offer.

None of the Dealer Manager, the Tender Agent or the Offeror (nor any director, officer, employee, agent or affiliate of any such person) is acting for any Holder or will be responsible to any Holder for providing any protections which might be afforded to its clients or for providing advice in relation to the Offers, and accordingly none of the Dealer Manager, the Tender Agent, the Offeror (nor any director, officer, employee, agent or affiliate of, any such person) makes any recommendation whether Holders should tender Securities in the Offers.

***Tender Instructions are irrevocable.***

Tender Instructions will be irrevocable except in the limited circumstances described in “*Amendment and Termination—Revocation Rights*”.

***The Offers may be amended or terminated.***

Until the Offeror announces whether it has decided to accept valid tenders of Securities pursuant to the relevant Offers no assurance can be given that any or all of the Offers will be completed. This may depend upon the satisfaction or waiver of the conditions of the Offers. In addition, subject to applicable laws and as provided in this Tender Offer Memorandum, the Offeror, may in its sole and absolute discretion, extend, re-open, amend or terminate a relevant Offer at any time before such announcement and may, in its sole discretion, waive any of the conditions to any Offer either before or after such announcement.

***Holders must comply with the Offer and Distribution Restrictions.***

Holders are referred to the offer and distribution restrictions in “*Offer and Distribution Restrictions*” and the acknowledgements, representations, warranties and undertakings in “*Procedures for Participating in the Offers*”, which Holders will be deemed to make on tendering Securities in the Offers. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

***The Securities may be acquired other than through the Offers.***

Whether or not the purchase of any Securities pursuant to the Offers is completed, the Offeror or its affiliates may, to the extent permitted by applicable laws (and, in the case of the Offeror, any applicable contractual restrictions), acquire (from time to time both during and after the Offers) Securities other than pursuant to the Offers, including through open market purchases, privately negotiated transactions, tender offer, exchange offer or otherwise. Such purchases may be on such terms and at such prices as the Offeror or such affiliate may determine, which may be more or less than the prices to be paid pursuant to the Offers and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated by the Offers.

***Tendered Securities are subject to Minimum Denominations.***

Holders may tender outstanding Securities only in the relevant Minimum Denomination set forth herein and integral multiples of €1,000 or ITL5,000,000, as applicable, above such Minimum Denomination. Holders may tender outstanding Securities only in the relevant Minimum Denomination. In the event that Securities offered are not accepted they will be returned promptly following the expiration or termination of the Offers.

***Minimum Denominations of the Securities.***

A Holder of the Series 1 Securities whose tender of Securities for purchase is accepted by the Offeror and who, following purchase of such Series 1 Securities on the Settlement Date, continues to hold in its account with the relevant Clearing System further Series 1 Securities in a nominal amount of less than €50,000, would need to purchase a nominal amount of the Series 1 Securities such that its holding amounts to at least €50,000 before (a) such Series 1 Securities may be traded in the Clearing Systems or (b) it may receive a definitive note in respect of such Series 1 Securities (should definitive notes be issued).

## TERMS AND CONDITIONS OF THE OFFERS

### Introduction

On the terms and subject to the conditions contained in this Tender Offer Memorandum, the Offeror invites Holders of the Securities (subject to the Offer and Distribution Restrictions contained herein) to tender their Securities for purchase at the relevant Purchase Price plus any Accrued Interest Payment.

The Offeror reserves the right, in its sole and absolute discretion, not to accept any Tender Instructions, not to purchase Securities or to extend, terminate, withdraw or modify in any manner any of the terms and conditions of the Offers (as further described below), subject to applicable laws and regulations.

The Offeror will fund the purchase of any Securities validly tendered and accepted for purchase by the Offeror with available funds.

None of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) is making any recommendation as to whether Holders should tender their Securities, whether Holders should tender or the principal amount, if any, that they should tender. Holders must make their own decisions with respect to tendering Securities.

### Rationale for the Offers

Following the announcement in October 2012 of the accelerated implementation of its strategy, the Offeror has reduced balance sheet and funding needs, and generated capacity within its liquidity and funding position to be able to execute these tender offers for certain euro and Italian lira denominated senior unsecured securities. The Offeror's actions to prudently manage the composition of its liabilities will lower interest expense in the future and will allow for a liability structure optimisation.

The Offeror has today also invited holders of certain U.S. dollar denominated debt securities to tender those securities for purchase (the **"U.S. Tender"**). Only the Offers are being made by this document, which does not relate to the U.S. Tender.

### Determination of Purchase Price

The Purchase Price for the Floating Rate Notes is set forth on the cover page of this Tender Offer Memorandum.

The Purchase Price for the Fixed Rate Notes will be determined at the Price Determination Time in the manner described in this Tender Offer Memorandum by reference to the sum (such sum, the **"Purchase Yield"**) of the relevant Purchase Spread and the relevant Reference Yield. Specifically, the Purchase Price per €1,000 in principal amount of the Fixed Rate Notes will equal (i) the value per €1,000, in principal amount of all remaining payments of principal and interest due to be made up to and including the scheduled maturity date for such Series, discounted to the Settlement Date at a discount rate equal to the relevant Purchase Yield, minus (ii) Accrued Interest.

The Purchase Price for the Modified Dutch Auction Securities will be determined pursuant to the Modified Dutch Auction Procedure, as described in this Tender Offer Memorandum. Under the Modified Dutch Auction Procedure, the Offeror will determine, in its sole discretion at the Price Determination Time, the Purchase Price for the Modified Dutch Auction Securities taking into account (i) the principal amount of such Securities tendered and (ii) the Minimum Purchase Prices specified (or deemed to be specified, as set out below) by tendering Holders. The Purchase Price (if any) in respect of the Modified Dutch Auction Securities will represent the lowest price at which the Offeror determines to purchase an aggregate principal amount of such Securities (the **"Clearing Price"**), which amount purchased will equal the Series Acceptance Amount in respect of the Modified Dutch Auction Securities.

The calculation of (i) Accrued Interest, (ii) the Clearing Price (for the Modified Dutch Auction Securities), (iii) the Purchase Yield and Reference Yield (for the Fixed Rate Notes) and (iv) the Purchase Price for each Series of Securities will be made by the Offeror in its sole discretion and such calculations will be final and binding on the Holders, absent manifest error.

As the Purchase Price for each Series of the Fixed Rate Notes is based on the yield based on the relevant Interpolated Mid-Swap Rate, the actual amount of cash that will be received by a Holder pursuant to the Offers will be affected by changes in the relevant Reference Yield at or before the Price Determination Time. After the Price Determination Time, the actual amount of cash that will be received by a Holder pursuant to the Offers will be known and Holders will be able to ascertain the Purchase Price for each Series of Fixed Rate Notes in the manner described above.

#### **“Competitive” and “Non-Competitive” Tender Instructions**

The Offers in respect of the Modified Dutch Auction Securities will be conducted pursuant to the Modified Dutch Auction Procedure as described herein. Holders may participate in the form of a Competitive Tender Instruction or Non-Competitive Tender Instruction.

##### ***Competitive Tender Instructions***

Holders may submit (subject to the applicable Minimum Denomination) one or more Competitive Tender Instructions in respect of the Modified Dutch Auction Offer up to the Expiration Deadline, provided that the aggregate principal amount of the Modified Dutch Auction Securities that are the subject of these Tender Instructions does not exceed the aggregate principal amount of Modified Dutch Auction Securities that such Holder holds.

Competitive Tender Instructions must specify:

- the principal amount of Modified Dutch Auction Securities (which shall not be less than the Minimum Denomination), in increments of ITL5,000,000, that such Holder is tendering; and
- a purchase price, in increments of 0.25 per cent. (ITL12,500 per ITL5,000,000) in principal amount, that is greater than the Minimum Purchase Price and that such Holder would be willing to accept as the Purchase Price in respect of such Securities.

If the Offeror accepts a Competitive Tender Instruction (or Competitive Tender Instructions), the relevant Holder will receive the Clearing Price for such Securities as determined by the Offeror in the manner described in this Tender Offer Memorandum. The Offeror will pay the Clearing Price, as determined pursuant to the Modified Dutch Auction Procedure, for the Modified Dutch Auction Securities to each Holder whose Competitive Tender Instruction is accepted, even if the Clearing Price is greater than the purchase price specified by the tendering Holder of the Securities in the Modified Dutch Auction Offer.

If a Competitive Tender Instruction specifies a purchase price that is not expressed as a whole increment of 0.25 per cent. (ITL12,500 per ITL5,000,000) in principal amount, such purchase price will be rounded down to the nearest integral multiple of 0.25 per cent., and such Tender Instruction will be deemed to have specified such lower figure as the purchase price.

##### ***Non-Competitive Tender Instructions***

Alternatively, prior to the Expiration Deadline, Holders may submit a Non-Competitive Tender Instruction in respect of the Modified Dutch Auction Offer that either (i) does not specify a purchase price or (ii) specifies a purchase price less than or equal to the Minimum Purchase Price, in each case in respect of the Modified Dutch Auction Securities that are the subject of the Modified Dutch Auction Offer. Non-Competitive Tender Instructions must specify the principal amount of Modified Dutch Auction Securities (which shall not be less than the Minimum Denomination), in increments of 0.25 per cent., that such Holder is tendering pursuant to the Non-Competitive Tender Instructions. If no Competitive Tender Instructions are tendered, the Clearing Price will (if any Modified Dutch Auction Securities are accepted for purchase pursuant to the Modified Dutch Auction Offer) be based on the Minimum Purchase Price.

The Offeror is obliged to accept all Non-Competitive Tender Instructions if it accepts any Competitive Tender Instructions for Modified Dutch Auction Securities. If the Offeror accepts a Non-Competitive Tender Instruction the



relevant Holder will receive the benefit of the Clearing Price for the Modified Dutch Auction Securities as determined by the Offeror in its sole and absolute discretion.

In the event of Non-Competitive Tender Instructions resulting in more Modified Dutch Auction Securities tendered than the Offeror, in its sole discretion, decides to accept, such Non-Competitive Tender Instructions will be accepted on a *pro rata* basis.

### **Acceptance of Offers**

The Offeror may elect not to purchase any Securities or not to purchase any Securities of one or more Series of Securities. The Offeror retains complete discretion as to which Securities of each Series (if any) will be accepted for purchase pursuant to the relevant Offer.

Tenders of Securities will, once accepted by the Offeror, constitute binding obligations of the submitting Holders and the Offeror to settle the Offers, in the manner described below, subject at all times to the conditions described below.

Holders of Securities whose Offers are accepted by the Offeror will receive the Purchase Price of the relevant Series of Securities, together with the relevant Accrued Interest Payment.

### **Announcements of Pricing, Acceptance and Results**

As soon as practicable before the Price Determination Time, the Offeror will announce indicative details of the Series Acceptance Amounts, the Clearing Price and the Proration Factors, if any, in relation to each Series of Securities.

As soon as practicable after the Price Determination Time, the Offeror will announce (i) the Clearing Price (for the Modified Dutch Auction Securities), (ii) the Purchase Yield and Reference Yield (for the Fixed Rate Notes), and (iii) the Purchase Price for each Series of Securities it decides to purchase pursuant to the Offers. The Offeror will also announce the aggregate principal amount of each Series of Securities that remain outstanding following completion of the relevant Offer, Series Acceptance Amounts and the Proration Factors (if any). Once the Offeror has announced the results of the Offers in accordance with applicable law, the Offeror's acceptance of Tender Instructions in accordance with the terms of the Offers will be irrevocable.

All announcements will be notified by the Offeror to Holders as described below in “—*Announcements*”. In the event of any dispute or controversy regarding the contents of the announcements made on the Price Determination Date, the Offeror's determination shall be conclusive and binding, absent manifest error.

### **Accrued Interest Payment**

An amount equal to accrued and unpaid interest will also be paid as consideration in respect of all Securities validly tendered and accepted for purchase by the Offeror pursuant to the Offers from, and including, the immediately preceding interest payment date for the relevant Series of Securities to, but excluding, the Settlement Date.

### **Total Tender Consideration**

The total consideration payable to each Holder in respect of Euro Securities validly submitted for tender and accepted for purchase by the Offeror will be an amount in cash equal to (i) the relevant Purchase Price multiplied by each €1,000 in aggregate principal amount of Euro Securities tendered and delivered by such Holder and accepted by the Offeror for purchase (rounded to the nearest €0.01, with €0.005 being rounded upwards), plus (ii) Accrued Interest Payment (if any) payable in respect of such Securities.

The total consideration payable to each Holder in respect of Modified Dutch Auction Securities validly submitted for tender and accepted for purchase by the Offeror will be an amount in cash equal to the Clearing Price multiplied by each ITL5,000,000 in aggregate principal amount of Modified Dutch Auction Securities tendered and

delivered by such Holder and accepted by the Offeror for purchase (converted into euros at the ITL FX Rate and rounded to the nearest €0.01, with €0.005 being rounded upwards).

### **Maximum Offer Amount and Series Acceptance Amount**

The maximum aggregate principal amount of Securities to be accepted by the Offeror in the Offers across all Series of Securities combined (converted in the case of Modified Dutch Auction Securities at the ITL FX Rate) is the Maximum Offer Amount of €2,250,000,000 (or such greater or lesser amount as the Offeror may determine in its sole discretion). The Offeror reserves the right, subject to applicable laws, to amend the terms of the Offers without giving Holders withdrawal rights, including an increase or decrease in the Maximum Offer Amount, subject to the terms of the Offers as described herein under the heading “*Amendment and Termination*”.

The Offeror will determine, in its sole discretion on the Price Determination Date, the aggregate principal amount of each Series of Securities (if any) (each such amount, a “**Series Acceptance Amount**”) that it will accept pursuant to the Offers.

Securities that are not successfully tendered for purchase pursuant to the Offers and the terms and conditions set out in this Tender Offer Memorandum will remain outstanding and will remain subject to the relevant Conditions.

The Offeror may set the Series Acceptance Amount in respect of any Series at any level (including zero) in its sole and absolute discretion.

### **Proration**

#### ***Euro Offers***

If the Offeror accepts any Securities of a Series for purchase pursuant to the Euro Offers and the aggregate principal amount of such Series validly tendered is greater than the relevant Series Acceptance Amount, the Offeror intends to accept such Securities for purchase on a *pro rata* basis such that the aggregate principal amount of such Securities accepted for purchase is no greater than such Series Acceptance Amount.

If Securities validly tendered pursuant to the relevant Offer are to be accepted on a *pro rata* basis, each such tender of such Securities will be scaled by a factor equal to (i) the relevant Series Acceptance Amount, *divided by* (ii) the aggregate principal amount of Securities that have been validly tendered (subject to adjustment to allow for the aggregate principal amount of Securities accepted for purchase, following the rounding of tenders of Securities described in the next sentence to equal the relevant Series Acceptance Amount exactly). Each tender of Securities reduced in this manner will be rounded to the nearest €1,000 principal amount provided that no tender of Securities shall be accepted in this manner where the acceptance of prorated Securities would result in a residual amount of Securities totaling less than the applicable Minimum Denomination.

#### ***Modified Dutch Auction Offer***

If the Offeror accepts any Modified Dutch Auction Securities for purchase pursuant to the Modified Dutch Auction Offer and the aggregate principal amount of such Series validly tendered pursuant to Non-Competitive Tender Instructions is greater than the Series Acceptance Amount in respect of the Modified Dutch Auction Securities, the Offeror intends to accept such Securities for purchase on a *pro rata* basis such that the aggregate principal amount of such Securities accepted for purchase is no greater than the Series Acceptance Amount. In such circumstances, the Clearing Price for the Modified Dutch Auction Securities will be the Minimum Purchase Price and the Offeror will not accept for purchase any Modified Dutch Auction Securities tendered pursuant to Competitive Tender Instructions.

If (other than as described in the preceding paragraph) the aggregate principal amount of Modified Dutch Auction Securities validly tendered (i) pursuant to Non-Competitive Tender Instructions and (ii) pursuant to Competitive Tender Instructions that specify a purchase price that is less than or equal to the Clearing Price, is greater than the Series Acceptance Amount in respect of the Modified Dutch Auction Securities, the Offeror intends to accept for purchase (a) first, all such Securities tendered at purchase prices less than the Clearing Price or

pursuant to Non-Competitive Tender Instructions in full, and (b) second, all such Securities tendered at the Clearing Price on a *pro rata* basis such that the aggregate principal amount of the Modified Dutch Auction Securities accepted for purchase (if any) is no greater than such Series Acceptance Amount.

The Offeror will not accept for purchase Modified Dutch Auction Securities tendered pursuant to a Competitive Tender Instruction at a price greater than the Clearing Price for the Modified Dutch Auction Securities.

In the circumstances described above in which Modified Dutch Auction Securities validly tendered pursuant to the Modified Dutch Auction Offer are to be accepted on a *pro rata* basis, each such tender of such Securities will be scaled by a factor equal to (i) the Series Acceptance Amount in respect of the Modified Dutch Auction Securities *less* the aggregate principal amount of such Securities that have been validly tendered and accepted for purchase and are not subject to acceptance on a *pro rata* basis (if any), *divided by* (ii) the aggregate principal amount of Modified Dutch Auction Securities that have been validly tendered and are subject to acceptance on a *pro rata* basis (subject to adjustment to allow for the aggregate principal amount of Modified Dutch Auction Securities accepted for purchase, following the rounding of tenders described in the next sentence to equal the Series Acceptance Amount exactly). Each tender of Modified Dutch Auction Securities reduced in this manner will be rounded to the nearest ITL5,000,000 principal amount, provided that no tender of Modified Dutch Auction Securities shall be accepted in this manner where the acceptance of pro-rated Modified Dutch Auction Securities would result in a residual amount of Modified Dutch Auction Securities totaling less than the Minimum Denomination.

### **Tender Offer Period**

The Offers commence on 5 February 2013 and will end at the Expiration Deadline. If the Expiration Deadline is extended by the Offeror an announcement to that effect will be made as described below in “—Announcements” no later than 10:00 a.m. (London time) on the next Business Day after the previously scheduled Expiration Deadline.

### **Payment**

If the Securities validly tendered in the Offers are accepted for purchase by the Offeror, the relevant Purchase Price for Securities accepted for purchase pursuant to the Offers and any Accrued Interest Payment will be paid on the Settlement Date (subject to the right of the Offeror to delay the acceptance of Tender Instructions as set out in this Tender Offer Memorandum) in immediately available funds delivered to the Clearing Systems for payment to the cash accounts of the relevant Holders in the Clearing Systems (see “*Procedures for Participating in the Offers*”). The deposit of such funds with the Clearing Systems will discharge the obligation of the Offeror to all Holders in respect of the above amounts represented by such funds.

Provided the Offeror makes or has made on its behalf full payment of the relevant Purchase Price and any Accrued Interest Payment for Securities accepted for purchase pursuant to the Offers to the Clearing Systems on or before the Settlement Date (subject to any amendment of the payment date as described above), under no circumstances will any additional interest be payable because of any delay in the transmission of funds from the Clearing Systems or any other Intermediary with respect to such Securities.

### **Extension, Termination and Amendment**

Subject to applicable laws, the Offeror reserves the right to extend, withdraw, terminate, or amend the terms and conditions of the Offers at any time after the announcement of the Offers as described below under “*Amendment and Termination*”, including with respect to any Tender Instructions already submitted as of the time of any such extension, withdrawal, termination or amendment. In the case of an extension of the Expiration Deadline, the Offeror will make an announcement, no later than 10:00 a.m. (London time) on the next Business Day after the previously scheduled Expiration Deadline.

If the Offeror withdraws or terminates the Offers, any Securities tendered for purchase will not be purchased and will be unblocked by the relevant Clearing System. The Offeror may withdraw or terminate one Offer without withdrawing or terminating any other Offer.

The Offeror and its affiliates also reserves the right at any time or from time to time during or following completion or cancellation of the Offers (and subject to applicable laws and, in the case of the Offeror, contractual

obligations) to purchase or exchange or offer to purchase or exchange Securities or to issue an invitation to submit offers to sell Securities (including, without limitation, those tendered pursuant to these Offers but not accepted for purchase), in each case on terms that may be more or less favourable than those contemplated by the Offers.

The making of such new Offer and the issuance of any new invitation will depend on various factors, including interest rates prevailing at such time and the aggregate principal amount of Securities purchased pursuant to the Offers.

### **Costs and Expenses**

Any charges, costs and expenses incurred by the Holders or any Intermediary in connection with the Offers shall be borne by such Holder. No brokerage costs are being levied by the Dealer Manager or the Tender Agent. Holders should check whether their brokers or custodians will assess fees.

### **General Conditions of the Offers**

In all cases, the purchase for cash of Securities pursuant to the Offers will only be made after the submission of a valid Tender Instruction in accordance with the procedures described in “*Procedures for Participating in the Offers*”. These procedures include the blocking of the Securities tendered in the relevant account in the relevant Clearing System from the date the relevant Tender Instruction is submitted until the earlier of (a) the time of settlement on the Settlement Date and (b) the date of any termination of the relevant Offer (including as regards a Holder whose Securities are not accepted by the Offeror for purchase) or on which the Tender Instruction is withdrawn, in the limited circumstances in which such withdrawal is permitted. See also “*Risk Factors and Other Considerations*”.

Any payment pursuant to the Offers may be delayed in the sole discretion of the Offeror in order to comply with applicable laws.

The Offeror may reject tenders of Securities for any reason and if it considers in its sole discretion that tenders have not been validly tendered in the Offers and the Offeror is not under any obligation to any relevant Holder to furnish any reason or justification for refusing to accept such tenders. **For example, tenders of Securities may be rejected and not accepted and may be treated as not having been validly tendered in the Offers if any such tender does not comply with the requirements of a particular jurisdiction.**

The Offeror will at any time have the discretion to accept for purchase any Securities tendered in the Offers, the tender of which would otherwise be invalid or, in the sole opinion of the Offeror, may otherwise be invalid.

Holders are advised that the Offeror may, in its sole discretion, accept tenders of Securities for purchase pursuant to an Offer on more than one date if such Offer is extended or re-opened.

All conditions to the Offers set out in this Tender Offer Memorandum will, if any Securities are to be accepted for purchase on the Settlement Date, be either satisfied or waived by the Offeror concurrently with or before the Settlement Date. The Offeror has not made a decision as to what circumstances would lead it to waive any such condition and any such waiver would depend on circumstances prevailing at the time of such waiver. Any determination by the Offeror concerning the events described in this section will be final and binding upon all Holders. If any of the conditions are not satisfied by the Expiration Deadline, the Offeror may, but will not be obligated to, in its sole discretion and without giving any notice, subject to applicable laws, (i) terminate the Offers, or (ii) extend the Offers and continue to accept tenders.

The failure by the Offeror at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right that may be asserted at any time and from time to time. The purchase of any Securities of any Series is not conditional upon the purchase of Securities of any other Series; however, Securities will be purchased by the Offeror in accordance with the procedures described under “*Maximum Offer Amount and Series Acceptance Amount*”.

The failure of any person to receive, or any delay in any person’s receipt of, a copy of this Tender Offer Memorandum or any announcement made or notice issued by the Offeror in connection with the Offers shall not

invalidate any aspect of the Offers. No acknowledgement of receipt of any Tender Instruction and/or other documents will be given by the Offeror or the Tender Agent.

Subject only as aforesaid, the acceptance of Securities validly tendered in accordance with the terms of the Offers by the Offeror will be irrevocable and once accepted the Offers will constitute binding obligations of the submitting Holders and the Offeror to settle the Offers.

### **Announcements**

Announcements in connection with the Offers will be made by the issue of a press release through the relevant Reuters International Insider Screen, a Notifying News Service, any required Stock Exchange Notices, notices to the Clearing Systems for communication to Direct Participants and by publication on the Offeror's website. Copies of all announcements, notices and press releases can also be obtained from the Tender Agent, the contact details for whom are on the last page of this Tender Offer Memorandum. Delays may be experienced where notices are delivered via the Clearing Systems and Holders are urged to contact the Tender Agent for the relevant announcements during the course of the Offers. In addition, Holders may contact the Dealer Manager for information using the contact details on the last page of this Tender Offer Memorandum.

### **Governing Law**

This Tender Offer Memorandum, the Offers, each Tender Instruction, any purchase of Securities pursuant to the Offers and any non-contractual obligations arising out of or in connection with the Offers shall be governed by and construed in accordance with English law. By submitting a Tender Instruction, the relevant Holder will irrevocably and unconditionally agree for the benefit of the Offeror, the Dealer Manager and the Tender Agent that the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Offers or such Tender Instruction and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

## PROCEDURES FOR PARTICIPATING IN THE OFFERS

*Holders that need assistance with respect to the procedures for participating in the Offers should contact the Tender Agent, the contact details for whom are on the last page of this Tender Offer Memorandum.*

### Tender Instructions

Only a Direct Participant in a Clearing System can properly instruct that Clearing System with regard to submitting Tender Instructions. In so instructing, the Direct Participant, and the tendering Holder on whose behalf it is acting, will be deemed to have read and agreed to be bound by the terms and conditions of the relevant Offer contained in this Tender Offer Memorandum.

If a Holder holds its Securities through a custodian or other Intermediary, such Holder may not submit a Tender Instruction directly. It should therefore contact its custodian or other Intermediary to instruct its custodian or Intermediary to submit a Tender Instruction on its behalf. In the event that the relevant custodian or Intermediary is unable to submit a Tender Instruction on its behalf by one of the methods described herein, the Holder should contact the Tender Agent for assistance in submitting its Tender Instruction. There can be no assurance that such Tender Agent will be able to assist any such Holders in successfully submitting a Tender Instruction.

To tender Securities in the Offers, a Holder should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Tender Instruction that is received in each case by the Tender Agent by the Expiration Deadline.

Tender Instructions must be submitted in respect of a principal amount of Securities of no less than the relevant Minimum Denomination, as set out in the definition of “Minimum Denomination” herein and integral multiples of €1,000 or ITL5,000,000, as applicable, above such Minimum Denomination.

Holders are advised to check with any bank, securities broker or other Intermediary through which they hold Securities as to when such Intermediary requires the receipt of instructions from a Holder in order for that Holder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offers before the deadlines specified in this Tender Offer Memorandum. **The deadlines set by any such Intermediary and each Clearing System for the submission and withdrawal of Tender Instructions will be earlier than the relevant deadlines specified in this Tender Offer Memorandum.**

The tendering of Securities in the Offers will be deemed to have occurred upon receipt by the Tender Agent via the relevant Clearing System of a valid Tender Instruction submitted in accordance with the requirements of such Clearing System. The receipt of such Tender Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the Relevant Securities in the Holder’s account with the relevant Clearing System so that no transfers may be effected in relation to such Securities.

Holders must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such tendered Securities at any time after the date of submission of such Tender Instruction, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. Each Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Direct Participant’s identity to the Tender Agent (and for such Tender Agent to provide such details to the Offeror and Dealer Manager, and their respective legal advisers).

Tender Instructions may be submitted on a “competitive” or “non-competitive” basis. See “*Terms and Conditions of the Offers—Competitive Tender Instructions*” and “*Non-Competitive Tender Instructions*”.

### *Euroclear and Clearstream*

To tender effectively the Securities, each participant of Euroclear or Clearstream, Luxembourg, as the case may be, must electronically transmit its Tender Instruction via a message to Euroclear or Clearstream, Luxembourg, as the case may be, containing the following information:

- (a) the event or reference number issued by Euroclear or Clearstream, Luxembourg;
- (b) the name of the Direct Participant and the securities account number in which the Securities the Holder wishes to tender are held;
- (c) the ISIN and Common Code of such Securities;
- (d) the principal amount of the relevant Securities the Holder wishes to tender;
- (e) in the case of a Competitive Tender Instruction, the purchase price (that is greater than the Minimum Purchase Price) in increments of 0.25 per cent. (ITL12,500 per ITL5,000,000); and
- (f) any other information as may be required by Euroclear or Clearstream, Luxembourg, and duly notified to the Holder prior to the submission of the Tender Instruction.

In addition, the Holder must (a) cause Euroclear or Clearstream, Luxembourg, as the case may be, to block the position in the tendered Securities in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be; and (b) instruct Euroclear or Clearstream, Luxembourg, as the case may be, to send the Tender Agent an electronic message confirming: (i) the Direct Participant's Tender Instruction and (ii) that the position in the Securities being tendered has been blocked from trading pending settlement of the Offers, valid revocation of such Tender Instruction or termination of the Offers, in each case of (a) and (b), on or prior to the Expiration Deadline. Euroclear and Clearstream, Luxembourg will collect from the Direct Participants: (1) instructions to (a) tender the Securities and deliver the acceptances held by them on behalf of their Direct Participants; and (b) credit their accounts on the Settlement Date, in respect to all tendered Securities; and (2) irrevocable authorisation to disclose the name of the Direct Participants and information about the foregoing instructions to the Tender Agent (and for that Tender Agent to provide such details to the Offeror, the Dealer Manager and their respective legal advisers).

**Only Direct Participants may submit Tender Instructions. Each Holder that is not a Direct Participant must arrange for the Direct Participant through which it holds the relevant Securities to submit a Tender Instruction on its behalf to the relevant Clearing System by the deadlines specified by such Clearing System.**

A Tender Instruction may only be revoked by a Holder, or the relevant Direct Participant on its behalf, in the limited circumstances described in "*Amendment and Termination—Revocation Rights*" by submitting a valid electronic revocation instruction to the relevant Clearing System. To be valid, such instruction must specify the Securities to which the original Tender Instruction related, the securities account to which such Securities are credited and any other information required by the relevant Clearing System.

### **Holder Representations**

By submitting a valid Tender Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, the Holder of the relevant Securities and any Direct Participant submitting such Tender Instruction on such Holder's behalf shall be deemed to agree to, acknowledge, represent, warrant and undertake to the Offeror, the Dealer Manager and the Tender Agent the following at the Expiration Deadline on the Settlement Date (if the Holder of such Securities or the Direct Participant is unable to make any such agreements or acknowledgements or give any such agreements, representations, warranties and undertakings, such Holder or Direct Participant should contact the Tender Agent immediately):

- (a) it has received the Tender Offer Memorandum, and has reviewed and accepts the Offer and Distribution Restrictions, terms, conditions, risk factors and other considerations of the relevant Offer all as described in the Tender Offer Memorandum, and it is assuming all the risks inherent in participating in the relevant Offer and has undertaken an appropriate analysis of the implications of the relevant Offer without reliance on any of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates);
- (b) by blocking the relevant Securities in the relevant Clearing System, it will be deemed to consent, in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the

Tender Agent (and for the Tender Agent to provide such details to the Offeror and the Dealer Manager, and their respective legal advisers);

- (c) upon the terms and subject to the conditions of the relevant Offer it irrevocably tenders for purchase in the relevant Offer the aggregate principal amount of Securities in its account blocked in the relevant Clearing System and, subject to and effective upon the purchase by the Offeror of such Securities, it renounces all right, title and interest in and to all such Securities purchased by or at the direction of the Offeror pursuant to the relevant Offer and waives and releases any rights or claims it may have against the Offeror with respect to any such Securities or the relevant Offer, as the case may be, and it unconditionally and irrevocably releases, discharges and waives all claims (including all claims for interest, costs and orders for costs), actions and causes of action, present or future and however arising, whether or not presently known or unknown (including those which arise hereafter upon a change in the relevant law) whether arising in equity or under common law or statute or by reason of breach of contract or in respect of any tortious act or omission or otherwise (whether or not damage has yet been suffered), it has, may have or had against the Offeror and each of its present or former officers, directors, employees or agents which arise out of or relate to, or are in any way connected with the Securities, or non-contractual obligations arising out of or in connection with the Securities;
- (d) it agrees to ratify and confirm each and every act or thing that may be done or effected by the Offeror, any of its directors or any person nominated by the Offeror in the proper exercise of his or her powers and/or authority hereunder;
- (e) it agrees to do all such acts and things as shall be necessary and execute and deliver any additional documents deemed by the Offeror to be desirable, in each case to complete the transfer of the relevant Securities to the Offeror or its nominee against payment to it of the relevant Purchase Price and/or to perfect any of the authorities expressed to be given hereunder;
- (f) it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer, tender or acceptance in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the relevant Offer or which will or may result in the Offeror, the Dealer Manager, the Tender Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the relevant Offer;
- (g) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
- (h) none of the Offeror, the Dealer Manager or the Tender Agent (or any of their respective directors, employees or affiliates) has given it any information with respect to the relevant Offer save as expressly set out in the Tender Offer Memorandum nor has any of them made any recommendation to it as to whether it should tender Securities in the relevant Offer and it has made its own decision with regard to tendering Securities in the Offers based on any legal, tax or financial advice it has deemed necessary to seek and it is able to bear the economic risks of participating in the relevant Offer;
- (i) no information has been provided to it by the Offeror, the Dealer Manager or the Tender Agent, or any of their respective directors, officers or employees, with regard to the tax, accounting, legal or other consequences for Holders of Securities arising from the tender of Securities in the relevant Offer and the receipt of the relevant Purchase Price and any Accrued Interest Payment, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction in connection with the relevant Offer (including the receipt pursuant to the relevant Offer of the relevant Purchase Price and any Accrued Interest Payment) and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or



- otherwise) against the Offeror, the Dealer Manager or the Tender Agent, or any of their respective directors, officers or employees, or any other person in respect of such taxes and payments;
- (j) it is not a person to whom it is unlawful to make an invitation pursuant to the relevant Offer under applicable securities laws, it has not distributed or forwarded the Tender Offer Memorandum or any other documents or materials relating to the Offers to any such person(s) and it has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Tender Instruction in respect of the Securities it is tendering for purchase) complied with all laws and regulations applicable to it for the purposes of its participation in the relevant Offer;
  - (k) it is not resident and/or located in the United Kingdom or, if it is resident and/or located in the United Kingdom, it is a person falling within the definition of investment professional (as defined in Article 19 of the Order) or a person who is a creditor or member of the Offeror or other person within Article 43 of the Order, or to whom this Tender Offer may lawfully be communicated in accordance with the Order;
  - (l) either (i) (a) it is the beneficial owner of the Securities being tendered in the relevant Offer and (b) it is located and resident outside the United States and it is participating in the relevant Offer from outside the United States or (ii) (a) it is acting on behalf of the beneficial owner of the Securities being tendered in the relevant Offer on a non-discretionary basis and has been duly authorised to so act and (b) such beneficial owner has confirmed to it that it is located and resident outside the United States and it is participating in the relevant Offer from outside the United States;
  - (m) it is outside Belgium or, if it is located or resident in Belgium, it is a qualified investor referred to in Article 10 of the Belgian Law of 16 June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on its own account;
  - (n) it is not resident and/or located in France, or if it is resident and/or located in France, it is either (i) a provider of investment services relating to portfolio management for the account of third parties (*personne fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) a qualified investor (*investisseur qualifié*) acting for its own account, other than an individual, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*;
  - (o) it is not located or resident in Italy, or, if it is located or resident in Italy, it is an authorised person or tendering Securities through an authorised person (such as an investment firm, bank or financial intermediary permitted to conduct such activities in Italy under the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority;
  - (p) it is not located or resident in Singapore or, if it is located or resident in Singapore, it is (i) an institutional investor under Section 274 of the SFA, (ii) a relevant person as defined in Section 275(1) of the SFA, or (iii) a person referred to in Section 275(1A) of the SFA;
  - (q) it is not located or resident in the PRC or, if it is located or resident in the PRC, it has complied with all applicable laws and regulations of the PRC;
  - (r) it has full power and authority to tender, sell, assign and transfer the Securities it has tendered in the relevant Offer pursuant to the Tender Instruction and, if such Securities are accepted for purchase by the Offeror pursuant to the relevant Offer, such Securities will be transferred to, or to the order of, the Offeror with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Offeror to be necessary or desirable to complete the transfer of such Securities or to evidence such power and authority;

- (s) it holds and will hold, until the time of settlement on the Settlement Date, the relevant Securities in the relevant Clearing System and such Securities are blocked in the relevant Clearing System and, in accordance with the requirements of, and by the deadline required by, such Clearing System, it has submitted, or has caused to be submitted, the Tender Instruction to such Clearing System and it has authorised the blocking of the tendered Securities with effect on and from the date of such submission so that, at any time pending the transfer of such Securities on the Settlement Date to the Offeror or to its agent on its behalf, no transfers of such Securities may be effected;
- (t) the terms and conditions of the relevant Offer shall be deemed to be incorporated in, and form a part of, the Tender Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such Holder in the Tender Instruction is true and will be true in all respects at the time of purchase on the Settlement Date;
- (u) it accepts that the Offeror is under no obligation to accept for purchase Securities tendered pursuant to the Offer, and accordingly such tender may be accepted or rejected by the Offeror in its sole discretion and for any reason;
- (v) it understands that the Offeror's acceptance for purchase of Securities tendered pursuant to the procedures described in this Tender Offer Memorandum will constitute a binding agreement between such Holder and the Offeror in accordance with the terms and subject to the conditions of the Offers;
- (w) it understands that, in the event of a withdrawal or termination of the Offer, the Tender Instructions with respect to such Securities will be deemed to be withdrawn, and the Securities will be unblocked in the Direct Participant's Clearing System account;
- (x) it understands that validly tendered Securities (or defectively tendered Securities with respect to which the Offeror has waived, or has caused to be waived, such defect) will be deemed to have been accepted by the Offeror if, as and when the Offeror gives oral or written notice thereof to the Tender Agent;
- (y) if the Securities tendered for purchase are accepted by the Offeror (i) the applicable Purchase Price and Accrued Interest Payment, if any, will be paid in euros and will be deposited by or on behalf of the Offeror with the relevant Clearing System on the Settlement Date; (ii) on receipt of such cash amounts, the relevant Clearing System will make payments promptly to the accounts in such Clearing System of the relevant Holders; and (iii) payment of such cash amounts to or to the order of the Clearing Systems will discharge the obligation of the Offeror to such Holder in respect of the payment of the cash amounts, and no additional amounts shall be payable to the Holder in the event of a delay in the payment of such cash amounts by the relevant Clearing System or an Intermediary to the Holder;
- (z) the information given by or on behalf of such Holder in the Tender Instruction is true and will be true in all respects at the time of the purchase of the Securities on the Settlement Date; and
- (aa) it acknowledges that the Offeror, the Dealer Manager and the Tender Agent and their respective directors, employees and affiliates will rely on the truth and accuracy of the foregoing acknowledgements, agreements, representations, warranties and undertakings and it shall indemnify the Offeror, the Dealer Manager and the Tender Agent against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the agreements, representations, warranties and/or undertakings given in connection with the relevant Offer (including any acceptance thereof) by any such Holder; and
- (bb) it understands and agrees that the Offeror, the Dealer Manager and the Tender Agent will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

The receipt of a Tender Instruction by the relevant Clearing System will constitute instructions to debit the securities account of the relevant Direct Participant on the Settlement Date in respect of all of the Securities the relevant Holder has tendered in the Offers and which are accepted for purchase by the Offeror, upon receipt by such Clearing System of an instruction from the Tender Agent to receive such Securities for the account of the Offeror

and against credit of the relevant amount in cash from the Offeror equal to the relevant Purchase Price and any Accrued Interest Payment for such Securities, subject to the automatic revocation of those instructions on the date of any termination of the Offers (including where such Securities are not accepted for purchase by the Offeror) or the valid revocation of such Tender Instruction in the limited circumstances in which such revocation is permitted as set out in this Tender Offer Memorandum.

## **General**

### **Separate Tender Instructions**

A separate Tender Instruction must be submitted on behalf of each beneficial owner of the Securities and in respect of each Series.

**Tenders and instructions other than in accordance with the procedures set out in this section will not be accepted.**

The Offeror will only accept tenders of Securities in the Offers by way of the submission of valid Tender Instructions in accordance with the procedures set out in this section “*Procedures for Participating in the Offers*”. It is also each Holder’s responsibility to inform itself of, and arrange for timely tender of its Securities in accordance with, the procedures and deadlines applicable to the Clearing System through which it tenders its Securities.

### **Irrevocability**

The submission of a valid Tender Instruction in accordance with the procedures set out in this section “*Procedures for Participating in the Offers*” will be irrevocable (except in the limited circumstances described in “*Amendment and Termination—Revocation Rights*”).

### **Irregularities**

All questions as to the validity, form and eligibility (including time of receipt) of any Tender Instruction or as to the revocation of any Tender Instruction will be determined by the Offeror in its sole discretion, and such determination will be final and binding.

The Offeror reserves the absolute right to reject any and all Tender Instructions, or (in the limited circumstances in which revocation is permitted) revocation instructions not in proper form or in respect of which the acceptance by the Offeror may be unlawful. The Offeror also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Tender Instructions or revocation instructions. The Offeror also reserves the absolute right to waive any such defect, irregularity or delay in respect of particular Securities, whether or not the Offeror elects to waive similar defects, irregularities or any delay in respect of other Securities.

Any defect, irregularity or delay must be cured within such time as the Offeror determines, unless waived by it. Tender Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. None of the Offeror, the Dealer Manager or the Tender Agent shall be under any duty to give notice to a Holder of any defects, irregularities or delays in the receipt or non-receipt of any Tender Instruction or revocation instructions nor shall any of them incur any liability for failure to give such notice.

## AMENDMENT AND TERMINATION

### Amendment and Termination

Notwithstanding any other provision of the Offers, the Offeror may, subject to applicable laws, at its option and in its sole discretion, at any time before it announces whether it accepts valid tenders of Securities:

- (a) extend the Expiration Deadline or re-open the Offers, as applicable (in which case all references in this Tender Offer Memorandum to the Expiration Deadline shall, unless the context otherwise requires, be to the latest time and date, as the case may be, to which the Expiration Deadline has been so extended or the Offers re-opened);
- (b) otherwise amend the Offers in any respect (including, but not limited to, any amendment to any of the Maximum Offer Amount, the Minimum Purchase Price, the Purchase Spread, the Clearing Price, the Expiration Deadline or the Settlement Date);
- (c) delay acceptance or, subject to applicable laws, purchase of Securities tendered in the Offers, even if the Offers have expired; or
- (d) terminate the Offers including with respect to Tender Instructions submitted before the time of such termination.

The Offeror also reserves the right at any time to waive any or all of the terms and conditions of the Offers as set out in this Tender Offer Memorandum.

The Offeror will ensure an announcement is made of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after the relevant decision is made. To the extent a decision is made to waive any term or condition of the Offers generally (as opposed to in respect of certain tenders of Securities only), such decision will also be announced as soon as is reasonably practicable after it is made. See *“Terms and Conditions of the Offers—Announcements”*. The Offeror will ensure an announcement is made in accordance with the procedures described in *“Terms and Conditions of the Offers—Announcements”* in respect of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after the relevant decision is made.

### Revocation Rights

If any amendment to the Offers is made in any way (including by way of the making of any announcement, or the issue of any supplement or other form of update to this Tender Offer Memorandum, in which any material development is disclosed) that, in the opinion of the Offeror (in consultation with the Dealer Manager), is materially prejudicial to Holders that have already tendered Securities in the Offers before the announcement of such amendment (which announcement shall include a statement that in the Offeror’s opinion such amendment is materially prejudicial to such Holders), then such tenders of Securities may be revoked at any time from the date and time of such announcement until 4:00 p.m. (London time) on the second Business Day following such announcement (subject to the earlier deadlines required by the Clearing Systems and any Intermediary through which Holders hold their Securities).

For the avoidance of doubt, any extension or re-opening of the Offers (including any amendment in relation to the Expiration Deadline and/or the Settlement Date) in accordance with the terms of the Offers as described in this section *“Amendment and Termination”* shall not be considered materially prejudicial to Holders that have already tendered Securities in the Offers before the announcement of such amendment.

Holders wishing to exercise any right of revocation as set out above should do so in accordance with the procedures set out in *“Procedures for Participating in the Offers”*. Beneficial owners of Securities that are held through an Intermediary are advised to check with such entity when it would require receipt of instructions to revoke a tender of Securities in the Offers in order to meet the above deadline. For the avoidance of doubt, any Holder who does not exercise any such right of revocation in the circumstances and in the manner specified above shall be deemed to have waived such right of revocation and its original Tender Instruction will remain effective.

Holders are advised to check with any bank, securities broker or other intermediary through which they hold Securities when such intermediary would require to receive revocation instructions from a holder in order for that holder to be able to revoke their instruction to participate in the Offers before the deadlines specified above. The deadlines set by any such intermediary and each Clearing System for the revocation instructions will be earlier than the relevant deadlines specified above.

## **TAX CONSEQUENCES**

This Tender Offer Memorandum does not discuss the tax consequences to Holders of the purchase of Securities by the Offeror pursuant to the Offers. Holders are urged to consult their own professional advisers regarding any possible tax consequences of the Offers under the laws of any relevant jurisdictions. Holders are liable for their own taxes and similar or related payments imposed on them under the laws of any applicable jurisdiction, and have no recourse to the Offeror, the Dealer Manager or the Tender Agent with respect to such taxes arising in connection with the Offers.

## **DEALER MANAGER AND TENDER AGENT**

The Offeror has retained UBS Limited, an affiliate of the Offeror, to act as Dealer Manager, and Lucid Issuer Services Limited to act as Tender Agent in connection with the Offers. The Offeror has entered into a dealer manager agreement with the Dealer Manager, which contains certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Offers.

The Dealer Manager and its affiliates may contact Holders regarding the Offers and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Tender Offer Memorandum and related materials to Holders.

The Dealer Manager and its affiliates have provided and continue to provide certain investment banking services to the Offeror (and its affiliates) for which they have received and will receive compensation that is customary for services of such nature.

The Dealer Manager and/or its affiliates may have a holding in, or may from time to time provide advice or other investment services in relation to, or engage in transactions involving, the Securities. Further, the Dealer Manager may (subject always to the Offer and Distribution Restrictions) (i) submit Tender Instructions for its own account; and (ii) submit Tender Instructions on behalf of other Holders.

Neither the Dealer Manager nor the Tender Agent (or any of their respective directors, officers, employees, agents or affiliates) assumes any responsibility for the accuracy or completeness of the information concerning the Offers, the Offeror, any of its affiliates or the Securities contained in this Tender Offer Memorandum or for any failure by the Offeror to disclose events that may have occurred and may affect the significance or accuracy of such information.

Neither the Dealer Manager nor the Tender Agent (or any of their respective directors, officers, employees or affiliates) make any representation or recommendation whatsoever regarding the Offers or any recommendation as to whether Holders should tender Securities in the Offers or otherwise participate in the Offers.

The Tender Agent is the agent of the Offeror and owes no duty to any Holder of Securities.

## **FEES AND EXPENSES**

The Offeror will not pay any fees or commissions to any broker, dealer or other person other than Dealer Manager and the Tender Agent in connection with the solicitation of tenders of Securities pursuant to the Offers. The Offeror will, however, reimburse brokers, dealers and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this Tender Offer Memorandum and related documents to the beneficial owners of the Securities.

## **MISCELLANEOUS**

The Offeror is not aware of any jurisdiction where the making of any Offers are not in compliance with applicable law. If the Offeror becomes aware of any such jurisdiction, the Offeror will make a good faith effort to comply with applicable law or seek to have such law declared inapplicable to that Offer. If, after such good faith effort, the Offeror cannot comply with any such law, that Offer will not be made to (nor will tenders be accepted from or on behalf of) Holders residing in such jurisdiction.

No person has been authorised to give any information or make any representation on behalf of the Offeror that is not contained in this Tender Offer Memorandum, and, if given or made, such information or representation should not be relied upon.

## ANNEX

### REFERENCE BENCHMARKS

12 Months EURIBOR Rate	=	The 12 Month EURIBOR rate, which appears on the Bloomberg EUSW page.
2 Year Euro Mid-Swap Rate	=	The mid-market arithmetic mean, expressed as a percentage and rounded to the nearest 0.001 per cent., of the 2 Year Euro Swap Rates, as determined by the Dealer Manager at the Price Determination Time.
2 Year Euro Swap Rates	=	The bid and offered swap rates for euro swap transactions with a maturity of 2 years, in each case, which appear on the Bloomberg Page ICAE1 <GO>.
3 Year Euro Mid-Swap Rate	=	The mid-market arithmetic mean, expressed as a percentage and rounded to the nearest 0.001 per cent., of the 3 Year Euro Swap Rates, as determined by the Dealer Manager at the Price Determination Time.
3 Year Euro Swap Rates	=	The bid and offered swap rates for euro swap transactions with a maturity of 3 years, in each case, which appear on the Bloomberg Page ICAE1 <GO>.
4 Year Euro Mid-Swap Rate	=	The mid-market arithmetic mean, expressed as a percentage and rounded to the nearest 0.001 per cent., of the 4 Year Euro Swap Rates, as determined by the Dealer Manager at the Price Determination Time.
4 Year Euro Swap Rates	=	The bid and offered swap rates for euro swap transactions with a maturity of 4 years, in each case, which appear on the Bloomberg Page ICAE1 <GO>.
5 Year Euro Mid-Swap Rate	=	The mid-market arithmetic mean, expressed as a percentage and rounded to the nearest 0.001 per cent., of the 5 Year Euro Swap Rates, as determined by the Dealer Manager at the Price Determination Time.
5 Year Euro Swap Rates	=	The bid and offered swap rates for euro swap transactions with a maturity of 5 years, in each case, which appear on the Bloomberg Page ICAE1 <GO>.
Series 3 Interpolated Mid-Swap Rate	=	<p>The rate, expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards), as calculated by the Dealer Manager at the Price Determination Time, by means of linear interpolation of the 12 Months EURIBOR Rate and the 2 Year Euro Mid-Swap Rate as follows:</p> <ul style="list-style-type: none"><li>(i) by subtracting the 12 Months EURIBOR Rate from the 2 Year Euro Mid-Swap Rate and multiplying the result of such subtraction by the Series 3 Securities Weight (and rounding the result of such multiplication to the nearest 0.001 per cent.); and</li><li>(ii) adding the 12 Months EURIBOR Rate to the final result</li></ul>



of (i).

Series 4 Interpolated Mid-Swap Rate	=	<p>The rate, expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards), as calculated by the Dealer Manager at the Price Determination Time, by means of linear interpolation of the 2 Year Euro Mid-Swap Rate and the 3 Year Euro Mid-Swap Rate as follows:</p> <ul style="list-style-type: none"><li>(i) by subtracting the 2 Year Euro Mid-Swap Rate from the 3 Year Euro Mid-Swap Rate and multiplying the result of such subtraction by the Series 4 Securities Weight (and rounding the result of such multiplication to the nearest 0.001 per cent.); and</li><li>(ii) adding the 2 Year Euro Mid-Swap Rate to the final result of (i).</li></ul>
Series 5 Interpolated Mid-Swap Rate	=	<p>The rate, expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards), as calculated by the Dealer Manager at the Price Determination Time, by means of linear interpolation of the 2 Year Euro Mid-Swap Rate and the 3 Year Euro Mid-Swap Rate as follows:</p> <ul style="list-style-type: none"><li>(i) by subtracting the 2 Year Euro Mid-Swap Rate from the 3 Year Euro Mid-Swap Rate and multiplying the result of such subtraction by the Series 5 Securities Weight (and rounding the result of such multiplication to the nearest 0.001 per cent.); and</li><li>(ii) adding the 2 Year Euro Mid-Swap Rate to the final result of (i).</li></ul>
Series 6 Interpolated Mid-Swap Rate	=	<p>The rate, expressed as a percentage and rounded to the nearest 0.001 per cent. (with 0.0005 rounded upwards), as calculated by the Dealer Manager at the Price Determination Time, by means of linear interpolation of the 4 Year Euro Mid-Swap Rate and the 5 Year Euro Mid-Swap Rate as follows:</p> <ul style="list-style-type: none"><li>(i) by subtracting the 4 Year Euro Mid-Swap Rate from the 5 Year Euro Mid-Swap Rate and multiplying the result of such subtraction by the Series 6 Securities Weight (and rounding the result of such multiplication to the nearest 0.001 per cent.); and</li><li>(ii) adding the 4 Year Euro Mid-Swap Rate to the final result of (i).</li></ul>
Series 3 Securities Weight	=	<p>The amount, expressed as a fraction calculated by dividing the actual number of days from (and including) the date falling exactly 12 months after the Settlement Date to (but excluding) the maturity date of the Series 3 Securities by 365.</p>
Series 4 Securities Weight	=	<p>The amount, expressed as a fraction calculated by dividing the actual number of days from (and including) the date falling exactly 2 years after the Settlement Date to (but excluding) the maturity date of the Series 4 Securities by 365.</p>

Series 5 Securities Weight	=	The amount, expressed as a fraction calculated by dividing the actual number of days from (and including) the date falling exactly 2 years after the Settlement Date to (but excluding) the maturity date of the Series 5 Securities by 365.
Series 6 Securities Weight	=	The amount, expressed as a fraction calculated by dividing the actual number of days from (and including) the date falling exactly 4 years after the Settlement Date to (but excluding) the maturity date of the Series 6 Securities by 365.

**OFFEROR**

**UBS AG**  
Bahnhofstrasse 45  
CH-8001 Zurich  
Switzerland

**DEALER MANAGER**

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom  
Tel: +44 (0) 207 567 0525  
Email: OL-liability-management@ubs.com

**TENDER AGENT**

**Lucid Issuer Services Limited**  
Leroy House  
436 Essex Road  
London N1 3QP  
United Kingdom  
Tel: +44 (0) 20 7704 0880  
Email: ubs@lucid-is.com  
Attention: Yves Theis/Paul Kamminga

**LEGAL ADVISERS**

*To the Offeror*

**Sullivan & Cromwell LLP**  
125 Broad Street  
New York, NY 10004  
United States

*To the Dealer Manager*

**Davis Polk & Wardwell London LLP**  
99 Gresham Street  
London EC2V 7NG  
United Kingdom