



UBS AG
1 Finsbury Avenue
London
England
EC2M 2PP

Date: []
To: [] (“Party B”)
Attention: []
Fax No.: []
From: UBS AG, London Branch (“Party A”)
Re: Index Swap Transaction with daily cap - UBS Ref: []

The purpose of this letter agreement (this “Confirmation”) is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the “Transaction”). This Confirmation constitutes a “Confirmation” as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the “Swap Definitions”) and in the 2002 ISDA Equity Derivatives Definitions (the “Equity Definitions”, and together with the Swap Definitions, the “Definitions”), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern. In the event of any inconsistency between either set of Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to the ISDA Master Agreement dated as of [] as amended and supplemented from time to time (the “Agreement”), between Party A and Party B. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms

Trade Date: [] (time of execution available upon request)
Observation Start Date: [Trade Date] [Forward Start Date]
Observation End Date: The Scheduled Valuation Date
Termination Date: The Cash Settlement Payment Date
Variance Buyer: []
Variance Seller: []
Index: []

UBS AG, LONDON BRANCH, 1 Finsbury Avenue, London EC2M 2PP

UBS AG is a member of the London Stock Exchange and is regulated in the UK by the Financial Services Authority. Representatives of UBS Limited introduce trades to UBS AG via UBS Limited.

Exchange: []

Related Exchange: All Exchanges

Equity Amounts

Equity Amount Payer: If the Equity Amount is:

- (i) a positive amount, the Variance Seller shall be the Equity Amount Payer and shall pay the Variance Buyer an amount equal to the Equity Amount on the Cash Settlement Payment Date;
- (ii) a negative amount, the Variance Buyer shall be the Equity Amount Payer and shall pay the Variance Seller an amount equal to the absolute value of the Equity Amount on the Cash Settlement Payment Date; or
- (iii) zero then there will be no Equity Amount Payer and neither party shall be required to make any payment to the other party.

Variance Amount: []

Equity Notional Reset: Not Applicable

Type of Return: Not Applicable

Initial Price: Not Applicable

Final Price: Not Applicable

Equity Amount: Notwithstanding anything to the contrary in Section 8.7 of the Equity Definitions, an amount as determined by the Calculation Agent in the Settlement Currency determined in accordance with the following formula:

$$\text{Variance Amount} * [\text{FRV}^2 - \text{Variance Strike Price}]$$

Variance Strike Price: []

Final Realised Volatility (“FRV”): An amount determined by the Calculation Agent in accordance with the following formula:

$$100 \times \sqrt{\frac{252 \times \sum_{t=n}^N \min \left(\left[\ln \left(\frac{P_t}{P_{[t-1]}} \right) \right]^2, 5\%^2 \right)}{N}}$$

where:

“t” means the relevant Observation Day;

“N” means []

“ Ln ” means the natural logarithm;

“ P_t ” means, in respect of any Observation Day, the official level of the Index at the Valuation Time on such Observation Day; provided that, except in respect of the Valuation Date, if an Observation Day is a Disrupted Day, P_t for such Observation Day shall be deemed to equal P_{t-1} (as defined below) for such Observation Day; provided, further, that, if “Futures Price Valuation” is applicable, in respect of the Valuation Date, “ P_t ” means the Official Settlement Price of the Exchange-traded Contract (or, if none, the Default Exchange-traded Contract) on the Valuation Date;

“ P_{t-1} ” means

(a) in respect of the first Observation Day,

(i) (A) if the Observation Start Date is not a Disrupted Day, the official level of the Index at the Valuation Time on the Observation Start Date; or

(B)(1) if the Observation Start Date is the Trade Date and is a Disrupted Day as a result of a Market Disruption Event, the official level of the Index immediately prior to the occurrence of the relevant Market Disruption Event or (2) if (x) the Observation Start Date is not the Trade Date and is a Disrupted Day or (y) the Observation Start Date is the Trade Date and is a Disrupted Day as a result of a relevant Exchange or any Related Exchange failing to open for trading during its regular trading session, the official level of the Index at the Valuation Time on the immediately following Non-Disrupted Observation Day; provided that, in the case of clause (2), if each of the eight Scheduled Trading Days immediately following the Observation Start Date is a Disrupted Day, the Calculation Agent shall determine P_{t-1} for the Observation Start Date in accordance with Section 6.6(a)(ii) of the Equity Definitions; or

(ii) if “Expiring Contract Level” is Applicable, means the Official Settlement Price of an Expiring Contract (determined as if the Expiring Contract were an Exchange-traded Contract) is scheduled to be calculated, the Official Settlement Price of the Expiring Contract (whenever published); provided that, if trading in such Expiring Contract never commences or is permanently discontinued at any time on or prior to the Observation Start Date, P_{t-1} shall be the official level of the Index at the Valuation Time on the Observation Start Date (or, if the Observation Start Date is a Disrupted Day, the official level of the Index at the Valuation Time on the immediately following Non-Disrupted Observation Day; provided that, if each of the eight Scheduled Trading Days immediately following the Observation Start Date is a Disrupted Day, the Calculation Agent shall determine P_{t-1} for the Observation Start Date in accordance with Section 6.6(a)(ii) of the Equity Definitions); and

(b) in respect of any Observation Day subsequent to the first Observation Day, P_t for the Observation Day immediately preceding such Observation Day; and

“*Expiring Contract*” means a Default Exchange-traded Contract with an expiry date (or the date which would have been the expiry date but for that day being a Disrupted Day or not being a

Scheduled Trading Day) that is the same date as the Observation Start Date

“Default Exchange-traded Contract” means, in respect of an Observation Start Date or a Scheduled Valuation Date, as applicable, the options contracts relating to the relevant Index traded on the Related Exchange or, if none, the futures contracts relating to the relevant Index traded on the Related Exchange, in either case with an expiry date (or the date which would have been the expiry date but for that day being a Disrupted Day or not being a Scheduled Trading Day) that is the same date as the Observation Start Date or Scheduled Valuation Date, as applicable

Futures Price Valuation:

[Not Applicable] / [Applicable. Futures Price Valuation as described in Section 6.8 of the Equity Definitions shall apply only with respect to the Valuation Date, it being understood that, if the Official Settlement Price is not published on the Scheduled Valuation Date for a reason other than the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued, the Valuation Date shall be the first succeeding Scheduled Trading Day on which the Official Settlement Price is published; provided that (a) Section 6.8(b)(i)(B) of the Equity Definitions is hereby amended by inserting “or expiration” after “delivery”, (b) the definition of “Official Settlement Price” in Section 6.8(b)(ii) of the Equity Definitions is hereby amended by inserting “or exercise settlement value, as applicable,” after “official settlement price” and replacing “Exchange” with “exchange” both times it appears, (c) Section 6.8(d) of the Equity Definitions is hereby amended by replacing “Exchange” with “relevant exchange or relevant clearing house”, and (d) Section 6.8(f) of the Equity Definitions is hereby amended by inserting “or relevant clearing house” after “relevant exchange”]

[If Futures Price Applicable

Exchange Traded Contract:

The options contract relating to the Index for delivery in *[month and year]* and traded on the Related Exchange.]

Market Disruption Event:

Section 6.3(a) of the Equity Definitions shall be replaced in its entirety with the following:

“Market Disruption Event” means in respect of an Index, the occurrence or existence of (i)(A) a Trading Disruption or (B) an Exchange Disruption, in either case at any time during the five minute period that ends at the relevant Valuation Time or (ii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if there is a Market Disruption Event in respect of a security included in the Index at any time on a Scheduled Trading Day, the relevant percentage contribution of that security to the level of the Index shall be the percentage contribution of that security as of the Valuation Time on the Exchange Business Day immediately preceding that Scheduled Trading Day, as published by Bloomberg Financial Markets (or, if Bloomberg Financial Markets ceases to publish such percentage contributions, a replacement therefor acceptable to the Calculation Agent) (the “Percentage Publisher”); provided that if the Percentage Publisher did not publish such a percentage contribution at that time, the relevant percentage contribution will be determined by the Calculation Agent based on the price for the securities included in the Index as of the Valuation

Time on the immediately preceding Exchange Business Day, as reported in the official real-time price dissemination mechanism for the relevant Exchange (or, if trading in a security included in the Index is disrupted at that time, based on its good faith estimate of the value of the relevant security at that time)”

Each of Section 6.3(b) and 6.3(c) of the Equity Definitions shall be amended by deleting the words “or options” in subclause (ii) thereof.

Observation Day:	Each Scheduled Trading Day during the Observation Period, whether or not such day is a Disrupted Day. Section 6.6 (or, if “Futures Price Valuation” is Applicable, Sections 6.8(a) and 6.8(e)) of the Equity Definitions shall not be applicable to any Observation Day other than the Valuation Date, in which case P_t (as defined below) in respect of the Valuation Date shall be determined in accordance with the applicable Section
Non-Disrupted Observation Day:	An Observation Day that is not a Disrupted Day
Observation Period:	The period from, but excluding, the Observation Start Date to, but excluding, the Observation End Date, and the Valuation Date.
Valuation Time:	The Scheduled Closing Time (or, if the relevant Exchange closes prior to its Scheduled Closing Time, the actual closing time for its regular trading session)
Valuation Date:	[]

Settlement Terms

Cash Settlement:	Applicable
Settlement Currency:	[]
Cash Settlement Payment Date:	[] Currency Business Days following the Valuation Date

Index Adjustments Events:

Index Modification: Notwithstanding Section 11.1(b)(i) of the Equity Definitions, if an event occurs that would otherwise constitute an Index Modification and the Index is a Specified Index, it shall not be an Index Modification if there is a Primary Options Exchange and the Primary Options Exchange does not make any adjustments to the relevant options contracts

“Primary Options Exchange” means the primary exchange located in the United States on which USD-denominated options contracts relating to the relevant Specified Index are traded, if any

“Specified Index” means any Index in respect of which USD-denominated options contracts are traded on an exchange located in the United States

If there is an Index Modification:

(a) if the Index Modification Condition is not satisfied with respect to the relevant Specified Index or if the Index is not a Specified

Index, Cancellation and Payment (Calculation Agent Determination)

(b) if the Index Modification Condition is satisfied with respect to the relevant Specified Index, the Transaction shall continue on the modified Index and, solely with respect to the first Observation Day on which the Index Modification is effective, the Calculation Agent will make appropriate adjustments to " P_{t-1} " to account for the Index Modification. With respect to each Observation Day thereafter, " P_{t-1} " shall be determined in accordance with the definition for such term set forth in the definition of Final Realized Volatility

In respect of an Index Modification, the "Index Modification Condition" shall be satisfied if the Primary Options Exchange announces it will make adjustments to the relevant options contracts, commencing no later than the effective date of the Index Modification, and the Calculation Agent determines that such adjustments are economically equivalent in methodology to the modification announced by the Index Sponsor

Index Cancellation:

Cancellation and Payment (Calculation Agent Determination); provided that for purposes of Section 11.1(a) of the Equity Definitions (and without limiting the generality thereof), a successor sponsor acceptable to the Calculation Agent shall be deemed to exist for so long as there exists and continues to exist a USD-denominated futures contract relating to the relevant Index traded with sufficient liquidity (as determined by the Calculation Agent) on the Primary Futures Exchange or a USD-denominated options contract relating to the relevant Index traded with sufficient liquidity (as determined by the Calculation Agent) on the Primary Options Exchange and one or both of the relevant exchanges or its respective clearing house continues to publish at least the closing level of the Index (or the Successor Index) for purposes of each day the relevant contract trades

Index Disruption:

Calculation Agent Adjustment, with references to a Valuation Date therein and in the definition of Index Disruption deemed to refer to an Observation Day and the reference to Settlement Price therein deemed to refer to P_t

Additional Disruption Events

Change in Law:	Applicable; <u>provided</u> that (a) Section 12.9(a)(ii)(X) of the Equity Definitions is hereby amended by replacing the word “Shares” with the words “Hedge Positions” and (b) Section 12.9(a)(ii)(Y) of the Equity Definitions is hereby deleted
Hedging Disruption:	Applicable.
Increased Cost of Hedging:	Not Applicable.
Loss of Stock Borrow:	Not Applicable.
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	Party A
Consequences of Additional Disruption Events:	Section 12.9(b)(i) of the Equity Definitions is hereby amended by replacing the words “the Determining Party will determine the Cancellation Amount payable by one party to the other” with the words “the Calculation Agent will determine the amount payable by one party to the other”

Additional Provisions

Calculation Agent:	Party A
Independent Amount:	Notwithstanding any provision to the contrary contained in the Credit Support Annex to the Schedule to the Agreement, the Independent Amount with respect to Party B for this Transaction is [].
Acknowledgments:	Party B understands and acknowledges that this transaction does not confer or transfer any licensing or sub-licensing rights in the Index. Party B understands and acknowledges that it bears responsibility for acquiring the requisite license to utilize the Index for its business purposes, and if in doubt should seek independent advice.

Account Details

Account for Payments to Party A: As advised

Account for Payments to Party B: Please advise

Contact Names at UBS AG, London Branch

Documentation: Tel: + 1 203 719 5937
Fax: + 1 203 719 0538

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us at your earliest convenience.

Yours faithfully,

UBS AG, London Branch

Agreed and accepted as of the first date written above

By: _____
Name:
Title:

By: _____
Name:
Title: