



Information Circular: UBS AG

To: Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

From: PHLX Listing Qualifications Department

| Index-Linked Notes | Symbol | CUSIP Number |
|---|--------|--------------|
| UBS AG Exchange Traded Access Securities 1X Monthly Short Alerian MLP Infrastructure Total Return Index | MLPS | 902641612 |

Information on the Notes

UBS AG (the "Issuer") has issued Exchange Traded Access Securities 1X Monthly Short ("E-TRACS" or "Notes") linked to the Alerian MLP Infrastructure Total Return Index (the "Index"). The Notes were priced at \$25 each and mature on October 1, 2040.

The E-TRACS are senior, unsecured, unsubordinated debt securities that are designed to track the total return on a specific market index, less investor fees, and provide investors with exposure to the total returns of various market indices, including indices linked to stocks, bonds, commodities, and currencies.

The Notes are designed to provide a short exposure to the MLP Infrastructure market by tracking the inverse performance of the Alerian MLP Infrastructure Total Return Index, less investor fees. The Alerian MLP Infrastructure Total Return Index, comprised of 25 energy infrastructure Master Limited Partnerships, is a liquid, midstream-focused subset of the Alerian MLP Index (NYSE: AMZ). The Index, whose constituents generally earn the majority of their cash flow from the transportation and storage of energy commodities, provides investors with a benchmark for the infrastructure component of this emerging asset class. The Index is calculated using a capped, float-adjusted, capitalization-weighted methodology that results in greater diversification.

Investors should note that the Notes may result in a loss of some or all of your investment. Also, the Notes are debt obligations of UBS AG and therefore are exposed to the credit risk of UBS AG. The Notes provide exposure to the inverse performance of the Index and should be purchased only by investors who understand inverse (short) exposure risk and the consequences of seeking inverse investment results. The Notes may not have an active secondary market and may not continue to be listed over their term.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to

maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during PSX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, PHLX will also stop trading the Shares Notes if the primary market delists the Notes.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PHLX members and member organizations also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds broker-dealers of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

This Information Circular is not a statutory prospectus. PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, PHLX Listing Qualifications, at 301.978.8088
- PSX Market Sales at 800.846.0477