



## Information Circular: UBS AG

---

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

**From:** NASDAQ / BX / PHLX Listing Qualifications Department

**Date:** September 19, 2013

---

### Exchange-Traded Notes

**Symbol**      **CUSIP #**

ETRACS Diversified High Income ETNs

DVHI      90267L805

### Information on the Notes

UBS AG (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Notes") due September 18, 2043 that are linked to the performance of the NYSE Diversified High Income Index (the "Index"). The ETNs are denominated in USD, and pay a USD-denominated variable monthly coupon linked to the cash distributions, if any, on the Index constituents, less investor fees and any withholding taxes.

The Notes are senior, unsecured, unsubordinated debt securities that provide investors with exposure to potential price appreciation in the NYSE Diversified High Income Index, subject to an Accrued Tracking Fee. The Accrued Tracking Fee is based on the Monthly Tracking Fee, which is equal to the product of 0.07% (equivalent to 0.84% per annum) and the Current Indicative Value (as described below). Investing in the Notes involves significant risks. Investors may lose some or all of their principal at maturity, early redemption or upon exercise by UBS of its call right if the level of the Index declines or does not increase by an amount sufficient to offset the Accrued Tracking Fee or Adjusted Tracking Fee Shortfall and the Redemption Fee, if applicable. The Notes may pay a monthly coupon during their term. Investors will receive a cash payment at maturity or upon exercise by UBS of its call right, based on the performance of the Index less the Accrued Tracking Fee, as described in the Prospectus Supplement. Investors will receive a cash payment upon early redemption based on the performance of the Index less the Accrued Tracking Fee and the Redemption Fee.

The Index measures the performance of a broad, diversified basket of publicly-traded securities that typically pay high dividends or distributions. The Index constituents must satisfy certain dividend or distribution yield and frequency criteria, liquidity criteria and other eligibility requirements. The Index currently includes 15 business development companies ("BDCs") (comprising 15% of the Index), 25 master limited partnerships ("MLPs") (comprising 15% of the Index), 15 U.S. mortgage real estate investment trusts ("Mortgage REITs") (comprising 7.5% of the Index), 20 U.S. real estate investment trusts, excluding Mortgage REITs ("REITs") (comprising 7.5% of the Index), 50 U.S. equities (comprising 7.5% of the Index) and 13 exchange-traded funds ("ETFs") (comprising 47.5% of the Index). Four of the ETFs invest in international equities (the

"Foreign Equity ETFs") (comprising 7.5% of the Index), three of the ETFs invest in U.S. investment grade and high yield municipal bonds (the "Municipal Bond ETFs") (comprising 10% of the Index), one ETF invests in high yield corporate bonds (the "Corporate Bond ETF") (comprising 10% of the Index), one ETF invests in emerging market sovereign bonds (the "Emerging Market Bond ETF", together with the Municipal Bond ETFs and the Corporate Bond ETF, the "Bond ETFs") (comprising 10% of the Index) and four of the ETFs invest in preferred stocks (the "Preferred Stock ETFs") (comprising 10% of the Index).

The Notes do not guarantee any return of principal at maturity. Instead, at maturity, investors will receive a cash payment equal to (a) the product of (i) the Principal Amount and (ii) the Index Performance Ratio as of the last Index Business Day in the Final Measurement Period plus (b) the final Coupon Amount minus (c) the Accrued Tracking Fee as of the last Index Business Day in the Final Measurement Period, plus (d) the Stub Reference Distribution Amount as of the last Index Business Day in the Final Measurement Period, if any. This cash payment is the "Cash Settlement Amount." If the amount calculated above is less than zero, the payment at maturity will be zero. An Investor may lose some or all of its investment at maturity. Because the Accrued Tracking Fee (including any Tracking Fee Shortfall) reduces the final payment, the level of the Index, as measured by the Final Index Level, will need to increase from the Initial Index Level by an amount at least equal to the percentage of the principal amount represented by the Accrued Tracking Fee, less any Coupon Amounts and/or any Stub Reference Distribution Amount, in order for an investor to receive an aggregate amount over the term of the Securities equal to at least the principal amount of the Securities. If the increase in the level of the Index, as measured by the Final Index Level compared to the Initial Index Level, is insufficient to offset the negative effect of the Accrued Tracking Fee or if the Final Index Level is less than the Initial Index Level, the investor will lose some or all of his or her investment at maturity.

The ETN is subject to an Accrued Tracking Fee. The Accrued Tracking Fee is based on the Monthly Tracking Fee, which is equal to the product of 0.07% (equivalent to 0.84% per annum) and the Current Indicative Value.

The Intraday Indicative Value for the ETNs will be disseminated by market data vendors under the symbol DVHI.IV.

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 NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. 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 NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market'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.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of 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, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules and BX Conduct Rules.

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.

Nasdaq members, BX members and PHLX members and member organizations should also review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members 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. NASDAQ members, BX members and 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, Listing Qualifications, at 301.978.8088
- NASDAQ / BX/ PSX Market Sales at 800.846.0477