



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: May 23, 2012

Exchange-Traded Notes

	Symbol	CUSIP #
ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN	SDYL	90267L409
ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN Due May 22, 2042	DVYL	90268G607

Information on the Notes

UBS AG (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Notes") linked to various indexes, as described below. Each ETN was priced at \$25 per security. The maturity date for both ETNs is May 22, 2042.

SDYL is linked to the S&P High Yield Dividend Aristocrats Index (the "S&P Index"). The S&P Index is designed to measure the performance of the 60 highest dividend yielding S&P Composite 1500 Index constituents, which have followed a managed-dividends policy of consistently increasing dividends every year for at least 25 consecutive years. The Notes are senior unsecured debt securities and provide a monthly compounded two times leveraged long exposure to the performance of the S&P Index, reduced by the Accrued Fees. Because the Notes are two times leveraged with respect to the S&P Index, the Notes may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the S&P Index. The Notes may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the S&P Index Constituent Securities. But if the S&P Index Constituent Securities do not make any cash distributions, investors will not receive a monthly coupon. Investors will receive a cash payment at maturity, upon acceleration or upon exercise by the Issuer of its Call Right based on the monthly compounded leveraged performance of the S&P Index less the Accrued Fees, calculated as described in the accompanying product supplement. Investors will receive a cash payment upon early redemption based on the monthly compounded leveraged performance of the S&P Index less the Accrued Fees and the Redemption Fee, calculated as described in the accompanying product supplement. Payment at maturity or call, upon acceleration or upon early redemption will be subject to the creditworthiness of the Issuer. In addition, the actual and perceived creditworthiness of the Issuer will affect the market value, if any, of the ETNs prior to maturity, call, acceleration or early redemption. Investing in the ETNs involves significant risks. Investors may lose some or all of your principal at maturity, early redemption, acceleration or upon exercise by the Issuer of its call right if the monthly compounded leveraged return of the S&P Index is not sufficient to offset the negative effect of the

Accrued Fees and the Redemption Fee, if applicable. Investors may not receive any monthly coupon payment during the term of the Notes.

DVYL is linked to the Dow Jones U.S. Select Dividend Index (the "DJ Index"). The DJ Index is designed to measure the performance of 100 stocks, selected by dividend yield, subject to screens for dividend-per-share growth rate, dividend payout ratio and average daily trading volume. The Notes are senior unsecured debt securities and provide a monthly compounded two times leveraged long exposure to the performance of the DJ Index, reduced by the Accrued Fees. Because the Notes are two times leveraged with respect to the DJ Index, the Notes may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the DJ Index. The Notes may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the DJ Index Constituent Securities. But if the DJ Index Constituent Securities do not make any cash distributions, investors will not receive a monthly coupon. Investors will receive a cash payment at maturity, upon acceleration or upon exercise by the Issuer of its Call Right based on the monthly compounded leveraged performance of the DJ Index less the Accrued Fees, calculated as described in the accompanying product supplement. Investors will receive a cash payment upon early redemption based on the monthly compounded leveraged performance of the DJ Index less the Accrued Fees and the Redemption Fee, calculated as described in the accompanying product supplement. Payment at maturity or call, upon acceleration or upon early redemption will be subject to the creditworthiness of the Issuer. In addition, the actual and perceived creditworthiness of the Issuer will affect the market value, if any, of the ETNs prior to maturity, call, acceleration or early redemption. Investing in the ETNs involves significant risks. Investors may lose some or all of their principal at maturity, early redemption, acceleration or upon exercise by the Issuer of its call right if the monthly compounded leveraged return of the DJ Index is not sufficient to offset the negative effect of the Accrued Fees and the Redemption Fee, if applicable. Investors may not receive any monthly coupon payment during the term of the Notes.

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 underlying 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 underlying index, the time remaining to maturity, the dividend yield of the stocks comprising the underlying 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