



Information Circular: UBS AG E-TRACS

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

From: William Slattery, Associate Vice President, NASDAQ Listing Qualifications Department

DATE: May 9, 2008

Index-Linked Notes	Symbol	CUSIP Number
UBS Exchange Traded Access Securities Linked to the Inverse Performance of the UBS Bloomberg CMC1 Platinum Excess Return	PTD	902641729

Information on the Notes

UBS AG (the "Issuer") has issued Exchange Traded Access Securities ("ETRACS") linked to the Inverse Performance of the UBS Bloomberg CMC1 Platinum Excess Return (the "Index"). The ETRACS were priced at \$25 each and mature on May 14, 2018.

The ETRACS provide short, or inverse, exposure to the Index plus a fixed-income return based on a hypothetical 91-day Treasury Bill portfolio, subject to a fee amount of 0.65% per annum (the "Fee Amount"). Accordingly, the value of the ETRACS generally will increase as the price of platinum and the level of the Index decrease and decrease as the price of platinum and the level of the Index increase, in each case subject to a positive adjustment based on the fixed-income return.

Investing in the ETRACS involves significant risks. Investors may lose some or all of their principal if the Index does not decline by an amount that, when taken in consideration with the fixed income return, is sufficient to offset the cumulative effect of the Fee Amount. The ETRACS do not pay any interest during their term. Instead, investors will receive a cash payment at maturity or upon redemption based on the inverse performance of the Index and the positive fixed income return less the Fee Amount.

On the maturity date (or the Redemption Date, as the case may be), investors will receive a cash payment per ETRACS in an amount equal to:

$$(\$25.00 \times \text{Performance Factor}) - \text{Fee Amount}$$

For purposes of calculating the Redemption Amount at maturity or upon redemption, the Performance Factor will be determined as of the corresponding Valuation Date or the Final Valuation Date, as the case may be.

On any day, the Performance Factor will equal: $(PF * T) + IF$

Where PF equals the Performance Factor on the immediately preceding day and T equals the T-Bill Return and IF equals the Index Factor. The Performance Factor will equal 1 on the Initial Trade Date and accrue daily thereafter.

On any day, the Index Factor will equal:

$$-1 * [(Index\ Ending\ Level - Index\ Ending\ Level-1) / Index\ Starting\ Level]$$

Where Index Ending Level-1 equals the Index Ending Level on the immediately preceding trading day. The Index Factor will equal 1 on the Initial Trade Date.

The Index Starting Level is 1,704.94, the closing level of the Index on the initial trade date. The Index Ending Level is the closing level of the Index on the applicable trading day.

On any day, the T-Bill Return will equal:

$$((1 - (91/360) * T-Bill\ Rate) ^ (-1/91))$$

Where the T-Bill Rate equals the most recently published 91-day U.S. Treasury Bill auction rate, as published weekly on Monday and made effective the following trading day, available from Bloomberg.

The ETRACS are subject to a Fee Amount per Security equal to 0.65% per annum, which accrues on a daily basis, with the Fee Amount equal to zero on the Initial Trade Date and then increasing, on each subsequent calendar day, by an amount equal to:

$$(0.65\%/365) \times \$25.00 \times \text{Performance Factor on that day}$$

If such day is not a trading day, the Performance Factor will be calculated as of the immediately preceding trading day.

Please see the prospectus for the ETRACS for more details regarding the calculations.

It is expected that the market value of the ETRACS 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 ETRACS on NASDAQ is on a UTP basis and is subject to [NASDAQ equity trading rules](#). The ETRACS will trade from 7:00 a.m. until 8:00 p.m. Eastern Time. Additional risks may exist with respect to trading the ETRACS during Nasdaq's Pre-Market and Post-Market sessions, when the Index's value may not be disseminated.

Trading of the ETRACS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in the ETRACS to customers should make a determination that the recommendation is 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.

Members also should 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 should consult the registration statement or prospectus for the ETRACS for additional information.

Inquiries regarding this Information Circular should be directed to:

- [Will Slattery](#), NASDAQ Listing Qualifications, at 301.978.8088
- [NASDAQ Market Sales](#) at 800.846.0477