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News Release

UBS announces mandatory redemption of ETRACS 2xMonthly Leveraged S&P MLP Index ETN due July 14, 2045

New York, 20 January 2016 – [UBS Investment Bank](#) today announced that all outstanding notes of the ETRACS 2xMonthly Leveraged S&P MLP Index ETN due July 14, 2045 (Ticker: MLPV) (the “Securities”) will be mandatorily redeemed in accordance with the terms of the Securities as a result of the occurrence of an Acceleration Event, triggered as a result of the intraday indicative value of the Securities being equal to or less than \$5.00 on January 20, 2016 (the “Acceleration Date”).

As disclosed in more detail in the prospectus supplement relating to the Securities, all outstanding notes will be automatically accelerated and redeemed and holders will be entitled to receive the “Acceleration Amount” calculated in accordance with the terms of the Securities. Payment of the Acceleration Amount will be made on the Acceleration Settlement Date, which will be February 1, 2016.

For more information regarding the mandatory redemption, including how the Acceleration Amount will be determined, see the prospectus supplement relating to the Securities. The prospectus supplement for the Securities can be accessed on EDGAR, the SEC website, at www.sec.gov, and is also available at <http://www.sec.gov/Archives/edgar/data/1114446/000119312515252489/d87834d424b2.htm>.

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About ETRACS

ETRACS ETNs are senior unsecured notes issued by UBS AG, are traded on NYSE Arca, and can be bought and sold through a broker or financial advisor. **An investment in ETRACS ETNs is subject to a number of risks, including the risk of loss of some or all of the**

investor's principal, and is subject to the creditworthiness of UBS AG. Investors are not guaranteed any coupon or distribution amount under the ETNs. We urge you to read the more detailed explanation of risks described under "Risk Factors" in the applicable prospectus supplement, or product supplement and pricing supplement, as applicable, for the ETRACS ETN.

UBS AG has filed a registration statement (including a prospectus and supplements thereto) with the Securities and Exchange Commission, or SEC, for the offerings of securities to which this communication relates. Before you invest, you should read the applicable prospectus, pricing or product supplement, dated as of various dates, and the prospectus dated June 12, 2015 to understand fully the terms of the securities and other considerations that are important in making a decision about investing in the ETRACS. The applicable offering documents for the ETRACS ETN that is the subject of this communication may be obtained by clicking on the link identified above. You may also get these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. The securities related to the offerings are not deposit liabilities and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency of the United States, Switzerland or any other jurisdiction.

Notes to editors

UBS is committed to providing private, institutional and corporate clients worldwide, as well as retail clients in Switzerland, with superior financial advice and solutions while generating attractive and sustainable returns for shareholders. Its strategy centers on its Wealth Management and Wealth Management Americas businesses and its leading universal bank in Switzerland, complemented by its Asset Management business and its Investment Bank. These businesses share three key characteristics: they benefit from a strong competitive position in their targeted markets, are capital-efficient, and offer a superior structural growth and profitability outlook. UBS's strategy builds on the strengths of all of its businesses and focuses its efforts on areas in which it excels, while seeking to capitalize on the compelling growth prospects in the businesses and regions in which it operates. Capital strength is the foundation of its success.

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ETRACS ETNs are sold only by means of a prospectus, as supplemented by a prospectus supplement or product supplement and pricing supplement for the particular offering of ETRACS ETNs to which this communication relates. A registration statement of which these documents form a part has been filed with the Securities and Exchange Commission (the "SEC"). Before you invest, you should read these documents and any other documents that UBS has filed with the SEC for more complete information about UBS and the offering to which this communication relates. You may obtain these documents for free by visiting EDGAR on the SEC website at <http://www.sec.gov>. Alternatively, you can request the prospectus and the applicable prospectus supplement, or applicable product supplement and pricing supplement by calling toll-free (+1-877-387 2275). This communication shall not constitute an offer for or a solicitation of an offer to buy any ETRACS ETNs referenced herein.

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