

August 3, 2016

News Release

UBS declares coupon payments on twelve monthly pay ETRACS Exchange Traded Notes

- DVYL:** linked to the Dow Jones U.S. Select Dividend Index
SDYL: linked to the S&P High Yield Dividend Aristocrats Index
MORL: linked to the Market Vectors Global Mortgage REITs Index
DVHI: linked to the NYSE Diversified High Income Index
DVHL: linked to the NYSE Diversified High Income Index
CEFL: linked to the ISE High Income Index
FMLP: linked to the Wells Fargo MLP Ex-Energy Index
LMLP: linked to the Wells Fargo MLP Ex-Energy Index
HDLV: linked to the Solactive US High Dividend Low Volatility Index
SMHD: linked to the Solactive US Small Cap High Dividend Index
LRET: linked to the MSCI US REIT Index
MRRL: linked to the Market Vectors Global Mortgage REITs Index

New York, August 3, 2016 – [UBS Investment Bank](#) today announced coupon payments for twelve [ETRACS](#) Exchange Traded Notes (the “ETNs”), all traded on the NYSE Arca.

NYSE Ticker	ETN Name and Prospectus/ Pricing Supplement*	Valuation Date	Ex-Date	Record Date	Payment Date	Coupon Amount	Payment Schedule	Current Yield (annualized)**
DVYL	ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.1197	Monthly	6.54%
SDYL	ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.2262	Monthly	5.15%
MORL	ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.1475	Monthly	20.45%
DVHI***	ETRACS Diversified High Income ETN	8/1/2016	8/10/2016	8/12/2016	8/16/2016	\$0.0990	Monthly	6.72%
DVHL	ETRACS Monthly Pay 2xLeveraged Diversified High Income ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.2071	Monthly	14.37%

NYSE Ticker	ETN Name and Prospectus/ Pricing Supplement*	Valuation Date	Ex-Date	Record Date	Payment Date	Coupon Amount	Payment Schedule	Current Yield (annualized)**
CEFL	ETRACS Monthly Pay 2xLeveraged Closed-End Fund ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.2755	Monthly	18.41%
FMLP***	ETRACS Monthly Pay Wells Fargo MLP Ex-Energy ETN	8/1/2016	8/10/2016	8/12/2016	8/16/2016	\$0.0155	Monthly	4.51%
LMLP	ETRACS 2xLeveraged Wells Fargo MLP Ex-Energy ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.0346	Monthly	10.63%
HDLV	ETRACS Monthly Pay 2xLeveraged US High Dividend Low Volatility ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.2882	Monthly	9.07%
SMHD	ETRACS Monthly Pay 2xLeveraged US Small Cap High Dividend ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.1733	Monthly	16.27%
LRET	ETRACS Monthly Pay 2xLeveraged MSCI US REIT Index ETN	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.0878	Monthly	6.38%
MRRL	ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN Series B	8/1/2016	8/10/2016	8/12/2016	8/22/2016	\$0.1475	Monthly	20.45%

* The table above provides a hyperlink to the relevant prospectus and supplements thereto for each of our ETRACS ETNs, which are identified by their names. For more information on each ETRACS ETN, see "[List of ETNs](#)".

** Due to the monthly coupon payment schedule of these ETNs, "Current Yield (annualized)" equals the sum of the most recently announced Coupon Amount and the two immediately preceding Coupon Amounts, multiplied by four (to annualize such coupons), divided by the closing Current Indicative Value of the ETN on its current Coupon Valuation Date rounded to two decimal places for ease of analysis. The Current Yield is not indicative of future coupon payments, if any, on the ETN. You are not guaranteed any coupon or distribution amount under the ETN.

Note: The ETNs listed in the table pay a variable monthly coupon linked to the cash distributions, if any, on the respective underlying index constituents, less withholding taxes, if any. Variations in the amount of monthly distributions will lead to large variations in the Current Yield as calculated above. As such, the Current Yield for each is not indicative of future coupon payments, if any, on these ETNs.

***Due to the previously announced redemption of FMLP and DVHI, the Payment Date for the coupon has been accelerated to 8/16/2016 to match the Call Settlement Date.

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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 April 29, 2016 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 document for each ETRACS may be obtained by clicking on the ticker symbol of each ETRACS 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.

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