

Frequently Asked Questions

UBS ETRACS ETN Voluntary Exchange Offer Transaction

1. What is a voluntary exchange offer?

- Holders of a security can voluntarily elect to exchange a security they hold for another security

2. What are the UBS ETRACS ETN voluntary exchange offers?

- Eight existing Series A ETNs (the "Series A ETNs") may be exchanged for corresponding Series B ETNs (the "Series B ETNs") on a one-for-one basis, as set forth in the table below

3. Which ETRACS ETNs are involved in the exchange offers?

ETRACS Series A ETN (Ticker Name)		→	ETRACS Series B ETN (Ticker Name)	
AMU	ETRACS Alerian MLP Index ETN	→	AMUB	ETRACS Alerian MLP Index ETN Series B
BDCL	2xLeveraged Long ETRACS linked to the Wells Fargo Business Development Company Index	→	LBDC	2x Leveraged Long ETRACS Wells Fargo Business Development Company Index ETN Series B
BDCS	ETRACS Linked to the Wells Fargo Business Development Company Index	→	BDCZ	ETRACS Wells Fargo Business Development Company Index ETN Series B
CEFL	ETRACS Monthly Pay 2xLeveraged Closed-End Fund ETN	→	CEFZ	ETRACS Monthly Pay 2xLeveraged Closed-End Fund ETN Series B
DJCI	ETRACS Linked to the Bloomberg Commodity Index Total Return	→	DJCB	ETRACS Bloomberg Commodity Index Total Return ETN Series B
MLPI	ETRACS Linked to Alerian MLP Infrastructure Index	→	MLPB	ETRACS Alerian MLP Infrastructure Index ETN Series B
MORL	ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN	→	MRRL	ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN Series B
UCI	ETRACS Linked to the UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return	→	UCIB	ETRACS UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return ETN Series B

4. Why is UBS conducting the exchange offers?

UBS AG is conducting the exchange offers because UBS Switzerland AG is a co-obligor on the Series A ETNs. Exchanging Series A ETNs for Series B ETNs in the exchange offers will reduce the intercompany exposures of UBS Switzerland AG to UBS AG, in line with regulatory recovery and resolution guidance.

The Series B ETNs do not have the UBS Switzerland AG co-obligation, but are otherwise intended to have the same economic terms as the corresponding Series A ETNs for which they are being exchanged.

5. What is a co-obligor?

- ETNs are senior unsecured debt securities
- Co-obligors mean separate entities are each responsible to pay back the debt

6. What will I receive in exchange for my Series A ETNs validly tendered in the exchange offers?

- You will receive one corresponding Series B ETN as designated in the table above (1-for-1 exchange)

7. What is the start date of the exchange offer transaction?

- The exchange offer transaction commenced on December 9th 2019
- The first exchange offer settlement date is January 17th 2020, applicable to holders who tender their Series A ETNs by 5:00 p.m. (New York City time) on January 15th 2020
- For the full schedule of exchange dates and exchange offer settlement dates please refer to Question 19 in the 'Additional Relevant Details' section below

8. Are all the Series B ETNs currently listed?

- Yes, all of the Series B ETNs are currently listed on NYSE Arca

9. What are the similarities between each pair of Series A ETNs and the corresponding Series B ETNs in the exchange offers?

- Each Series B ETN in the offer is intended to have the same economic terms as its corresponding Series A ETN
- Each corresponding Series A and Series B ETN pair has an identical underlying index and identical daily Closing Indicative Values (CIV), investor fees, coupon amounts (if applicable) and payment formulas

10. What are the differences between each pair of Series A ETNs and the corresponding Series B ETNs in the exchange offers?

- UBS AG and UBS Switzerland AG are co-obligors on each Series A ETN
- UBS AG is the sole issuer and obligor on each Series B ETN and UBS Switzerland AG has no obligations with respect to the Series B ETNs

11. I want to consider switching to the Series B ETNs. Why may the exchange offer be beneficial to me?

- Simplicity: Contact your broker, advisor or custodian to elect to exchange your applicable Series A ETNs
- Transparency: 1 share of a Series A ETN will be exchanged for 1 share of the corresponding Series B ETN
- Potential transaction cost savings relative to independent sale and purchase:
 - No fees or charges from the issuer to complete the exchange

- Please confirm with your broker, advisor or custodian whether they will charge a fee to process your request
- Tax Treatment: Please refer to Question 18
- Continuity: Please refer to Question 12 regarding UBS's intentions with respect to Series A ETNs

12. What happens after the completion of the exchange offers?

- Immediately following the final expiration of the exchange offers, UBS intends to suspend sales of the eight Series A ETNs from inventory ^[1]
- UBS has a contractual call right to fully redeem each Series A ETN
- UBS plans to exercise its contractual call right to redeem all remaining Series A ETNs within a few months following the final expiration date of the exchange offers
- UBS also retains the right to delist the Series A ETNs from NYSE Arca either prior to or following exercise of its contractual call right
- Holders who validly tender their applicable Series A ETNs in the exchange offers will not be affected by UBS's plan to redeem all remaining Series A ETNs

13. What happens if I do not participate in the exchange offers?

- Non-participants will continue to hold their Series A ETNs, until called, redeemed or sold
- Non-participants will continue to have the right to redeem their Series A ETNs in accordance with their terms, as long as the Series A ETNs remain outstanding
- Please refer to Question 12 regarding UBS's intentions with respect to Series A ETNs

14. I want to exchange my Series A ETNs for Series B ETNs. What do I do now?

- Contact your broker, custodian or advisor
- Confirm whether your broker, custodian or advisor will charge you a transaction fee to complete the exchange.
- After consideration, if you decide to participate, follow your broker's instructions on the procedure to exchange and the applicable exchange deadlines

15. I have tendered my Series A ETNs in the exchange offers. What happens to my Series A ETNs now?

- Your Series A ETNs are 'locked up' by your custodian until the next exchange offer settlement date
- On the next exchange offer settlement date, your Series A ETNs will automatically be exchanged for corresponding Series B ETNs
- Each Series A ETN will be replaced with 1 corresponding Series B ETN

^[1] Any suspension of sales of Series A ETNs from inventory may affect the liquidity of the market for Series A ETNs, potentially leading to insufficient supply and may cause the market price of the Series A ETNs to increase or decrease. See "Risk Factors – Risks Relating to the Exchange Offers – UBS expects to suspend sales of Series A ETNs from inventory immediately following the Final Expiration Date" in the [Prospectus](#) related to the Exchange Offers, dated December 9, 2019.

16. Can I withdraw my tendered Series A ETNs?

- You may withdraw your election to exchange on or prior to 5:00 p.m. (New York City time) on the next exchange date immediately following the date on which you made your election
- For the full schedule of dates please refer to Question 19 in the 'Additional Relevant Details' section below

17. How do I withdraw my tendered Series A ETNs?

- Contact your broker, custodian or advisor to withdraw your election

18. I currently hold one or more Series A ETN securities. I want to exchange. What are my tax implications?

- UBS has been advised by its tax counsel that holders that exchange their Series A ETNs for Series B ETNs should not recognize a gain or loss for U.S. federal income tax purposes as a result of the exchange
- Holders should review the tax discussion set forth under the heading "Material Federal U.S. Income Tax Considerations" in the [Prospectus](#) related to the exchange offers, dated December 9, 2019 (the "Prospectus")
- UBS is not providing tax advice to holders of Series A ETNs that participate in the exchange and such holders should consult with their tax advisors regarding the tax treatment of the exchange

Additional Relevant Details

19. What is the exact schedule of dates for the exchange offer?

- The exchange offer transaction commenced on December 9th 2019
- The full schedule of exchange dates and exchange offer settlement dates is listed below:

Exchange Period (defined in the Prospectus)	Exchange Period Begins ^[2]	Exchange Period Ends (the "Exchange Date") ^[3]	Settlement Date
First Exchange Period	12/9/2019	1/15/2020	1/17/2020
Second Exchange Period	1/15/2020	1/30/2020	2/3/2020
Third Exchange Period	1/30/2020	2/13/2020	2/18/2020
Fourth Exchange Period	2/13/2020	3/3/2020	3/5/2020
Fifth Exchange Period	3/3/2020	3/17/2020	3/19/2020
Sixth Exchange Period	3/17/2020	3/31/2020	4/2/2020
Seventh Exchange Period	3/31/2020	4/16/2020	4/20/2020
Final Exchange Period	4/16/2020	5/1/2020	5/5/2020

^[2] Exchange Periods begin at 5:00 p.m. (New York City time) on each date set forth in the table below (other than the First Exchange Period which shall begin at 2:00 p.m. (New York City time)).

^[3] Exchange Periods end at 4:59 p.m. (New York City time) on each date set forth in the table below.

- Series A ETNs must be validly tendered prior to 5:00 p.m. (New York City time) on an applicable Exchange Date in order to be included in the exchange offer Settlement Date that immediately follows

20. What happens to my accrued coupon on Series A ETNs with coupon payments?

- Series A ETN holders should not suffer any economic loss on accrued coupons due to the exchange offer
- If you hold a coupon paying Series A ETN on its coupon record date, you will receive the applicable coupon payment payable on that Series A ETN
- If you hold a coupon paying Series B ETN on its coupon record date, you will receive the applicable coupon payment payable on that Series B ETN
- Each Series A ETN and Series B ETN pair has identical coupon record and payment dates
- Exchange of Series A ETNs for Series B ETNs does not impact the coupon payment due to holders of record
- Additionally, the accrued coupon on any Series B ETN is equal in value to the accrued coupon on the corresponding Series A ETN on any given date

21. Will I have to pay any fees or commissions to exchange my Series A ETNs?

- Contact your broker, custodian or advisor to check if they will charge you a transaction fee to complete the exchange

- The issuer will not charge any fees to complete the exchange

22. What will UBS do with the Series A ETNs accepted for exchange in the exchange offer?

- All Series A ETNs received in the exchange offers by UBS will be cancelled

23. Is any recommendation being made with respect to the exchange offers?

- No. None of UBS or its affiliates, the exchange agent, the information agent or trustee, or any other person is making any recommendation to investors in connection with the exchange offers

24. To whom should I direct any questions?

Financial advisors:

- Directly contact UBS at etracs@ubs.com or 1-877-387 2275 to obtain further information

Individual investors:

- Contact the exchange agent, D.F. King & Co., Inc., by phone at (800) 591-8269 or by email at ubs@dfking.com
- Instruct your broker/advisor/custodian to email us at etracs@ubs.com or to contact us at 1-877-387 2275



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The exchange offers are being made pursuant to the terms and conditions set forth in UBS AG's [Prospectus](#) related to the Exchange Offers, dated as of December 9, 2019 and the annexes thereto, which form a part of the Registration Statement (as defined below), and the related Letter of Instruction (the "Letter of Instruction").

A Registration Statement on Form F-4 (Registration No. 333-234705) (the "Registration Statement") relating to the issuance of the Series B ETNs was filed with the SEC on November 14, 2019 (as amended by Amendment No. 1 to the Registration Statement filed with the SEC on December 5, 2019) and declared effective by the SEC on December 9, 2019. Copies of the [Prospectus](#) (including the related annexes), the Letter of Instruction and other documents filed with the SEC by UBS AG are available to holders free of charge through the website maintained by the SEC at www.sec.gov. Copies of the Prospectus and the Letter of Instruction are available to holders free of charge through the information agent, D.F. King & Co. Inc., by calling (800) 591-8269 (toll free) or (212) 269-5550 (for banks and brokers) or by emailing ubs@dfking.com. Holders may also obtain copies of the Prospectus and the Letter of Instruction, free of charge, by contacting UBS AG by calling 1-877-387 2275 or by emailing etracs@ubs.com.

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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. Prior to making an investment in the ETRACS ETNs, investors should take into account whether or not the market price is tracking the intraday indicative value of 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, for the ETRACS ETN.**About UBS**

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