

# ETRACS CMCI Food Total Return



**Profile**

|   |                                      |
|---|--------------------------------------|
| <b>Underlying Index</b>                 | UBS Bloomberg CMCI Food Total Return |
| <b>Issuer</b>                           | UBS AG                               |
| <b>Issuer Credit Rating<sup>1</sup></b> | Aa3 (Moody's); A (S&P); A (Fitch)    |
| <b>CUSIP</b>                            | 902641737                            |
| <b>Primary Exchange</b>                 | NYSE Arca                            |
| <b>Initial Trade Date</b>               | April 1, 2008                        |
| <b>Maturity Date</b>                    | April 5, 2038                        |
| <b>Fee Amount (%)<sup>*</sup></b>       | 0.65% accrued on a daily basis       |

<sup>\*</sup>As of December 31, 2011. See "Selected risk considerations" and the disclaimer for more information.

**Ticker: FUD**

**Key features**

Exposure to a portfolio of commodity futures through a single investment  
 Convenience of an exchange-traded security

**About the ETN**

Exchange Traded Access Securities (ETRACS) are innovative new investment products offering easy access to markets and strategies that may not be readily available to individual investors.

The ETRACS CMCI Food Total Return exchange-traded note is designed to track the performance of the UBS Bloomberg CMCI Food Index Total Return (the "Index"), less investor fees. The CMCI Food TR is the first investable commodity index to provide direct exposure to food.

**About the Index**

The Index measures the collateralized returns from a basket of 11 futures contracts from the agricultural and livestock sectors. The commodity futures contracts are diversified across three constant maturities from three months up to one year. **The Index was created in January 2007 and has no performance history prior to that date.**

**Historical returns**

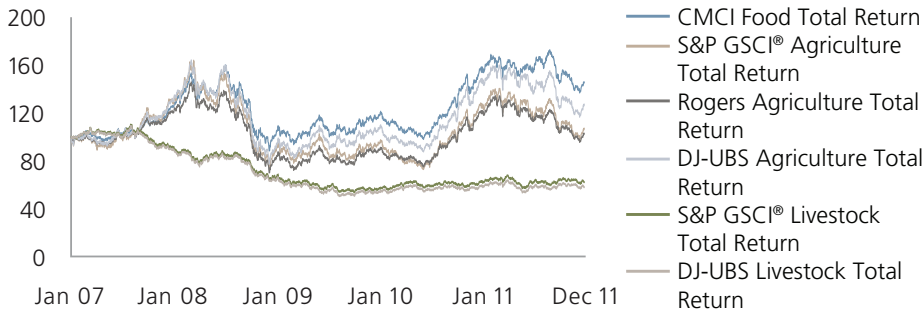
|                                    | Since Index Inception |                   |           |           |         |          |          |
|------------------------------------|-----------------------|-------------------|-----------|-----------|---------|----------|----------|
|                                    | Total Return          | Annualized Return | 3 Months* | 6 Months* | 1 Year* | 2 Years* | 3 Years* |
| <b>Agriculture Returns</b>         |                       |                   |           |           |         |          |          |
| CMCI Food Total Return             | 45.61%                | 7.80%             | -1.00%    | -5.34%    | -7.80%  | 11.00%   | 11.64%   |
| S&P GSCI® Agriculture Total Return | 6.95%                 | 1.35%             | 0.46%     | -7.98%    | -15.87% | 6.25%    | 5.43%    |
| Rogers Agriculture Total Return    | 2.72%                 | 0.54%             | -1.36%    | -9.44%    | -15.49% | 7.33%    | 7.01%    |
| DJ-UBS Agriculture Total Return    | 27.08%                | 4.91%             | 1.36%     | -7.79%    | -14.35% | 8.91%    | 10.49%   |
| <b>Livestock Returns</b>           |                       |                   |           |           |         |          |          |
| S&P GSCI® Livestock Total Return   | -37.82%               | -9.06%            | -3.34%    | 1.95%     | -1.24%  | 4.46%    | -2.13%   |
| DJ-UBS Livestock Total Return      | -42.01%               | -10.33%           | -3.84%    | 1.86%     | -2.30%  | 3.32%    | -3.21%   |

Historical results for the period from January 1, 2007 through December 31, 2011.  
 Source: UBS Investment Bank, publicly available data.

\*Returns shown for periods less than one year are total returns during that period and returns for periods greater than one year are annualized returns. Historical information presented is as of December 31, 2011 and is furnished as a matter of information only. Historical performance of the index is not an indication of future performance. Future performance of the index may differ significantly from historical performance, either positively or negatively.

The ETRACS ETNs are subject to investor fees. As a result, the return on the ETNs will always be lower than the total return on a direct investment in the Index or the Index constituents.

**Index comparisons**



The graph illustrates the historical performance of the Index from January 1, 2007 through December 31, 2011 in comparison with other benchmark indices. Historical performance of the Index is not an indication of future performance. Future performance of the Index may differ significantly from historical performance, either positively or negatively. The ETRACS ETNs are subject to investor fees. As a result, the return on the ETNs will always be lower than the total return on a direct investment in the Index or the Index constituents.

**Sector target weights**

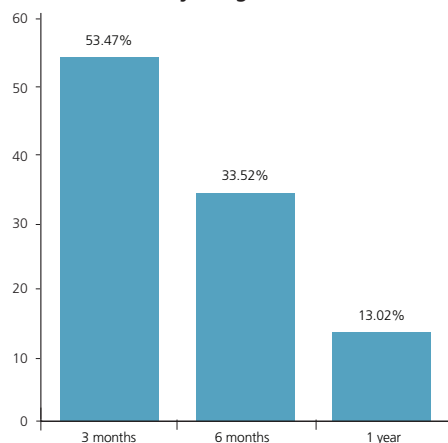
**Number of holdings:** 11 futures contracts from the agricultural and livestock sectors.

|                |                |
|----------------|----------------|
| SRW Wheat      | 11.78%         |
| Corn           | 16.68%         |
| Soybeans       | 17.82%         |
| Soybean Meal   | 4.88%          |
| Soybean Oil    | 5.07%          |
| Sugar #11      | 16.92%         |
| Sugar #5       | 7.15%          |
| Cocoa          | 2.71%          |
| Coffee Arabica | 4.23%          |
| Live Cattle    | 7.45%          |
| Lean Hogs      | 5.32%          |
| <b>Total</b>   | <b>100.00%</b> |

Source: UBS Investment Bank; as of December 31, 2011

## Maturity weights

### Constant maturity weights of future contracts



Source: UBS Investment Bank, CMC Advisory Committee; as of December 31, 2011  
Weights across maturities are determined based on the relative liquidity of the underlying futures contracts.

## Benefits of investing in FUD

**Exposure** to a portfolio of agricultural and livestock commodity futures through a single investment.

## Selected risk considerations

An investment in the ETRACS ETNs involves risks. Selected risks are summarized here, but we urge you to read the more detailed explanation of risks described in the "Risk Factors" section of the prospectus supplement for the ETRACS ETNs (the "ETRACS Prospectus"). Capitalized terms used below (and elsewhere in this document) but not defined herein shall have the meanings attributed to them in the ETRACS Prospectus.

- **You may lose some or all of your principal** — The ETRACS ETNs are fully exposed to any decline in the level of the Index. You will lose some or all of your principal if the Index Ending Level is below the Index Starting Level or if the Index Ending Level is not sufficiently above the Index Starting Level to offset the cumulative effect of the Fee Amount applicable to your ETRACS ETNs. The Index is volatile and subject to a variety of market forces, some of which are described below. The Index Ending Level is therefore unpredictable. Commodity prices may change unpredictably, affecting the prices of the commodities underlying the exchange-traded futures contracts comprising the Index and, consequently, the value of the ETRACS ETNs.
- **Limited performance history** — The return on the ETRACS ETNs is linked to the performance of the Index, which was introduced in January 2007. As a result, the Index has a limited performance history, and it is uncertain how the Index will perform. In addition, while the Index is intended to represent a benchmark for commodities investments in the agriculture and livestock sectors, the methodology used to achieve this benchmarking has a limited history in its application. It therefore cannot be determined at this point whether,

or the extent to which, the Index will serve as an adequate benchmark for the performance of the commodities market in the agriculture and livestock sectors.

- **Market risk** — The return on the ETRACS ETNs, which may be positive or negative, is directly linked to the performance of the Index, which is based on a variety of market and economic factors, interest rates in the markets and economic, financial, political, regulatory, judicial or other events that affect the markets generally.
- **Credit of UBS** — The ETRACS ETNs are senior unsecured debt obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of any third party. Any payment to be made on the ETRACS ETNs depends on the ability of UBS to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of UBS may affect the market value of the ETRACS ETNs and, in the event UBS were to default on its obligations, you may not receive any amounts owed to you under the terms of the ETRACS ETNs.
- **Potential over-concentration in particular commodity sectors** — The commodities underlying the futures contracts included in the Index are concentrated in two sectors, agriculture and livestock. Investment in the ETRACS ETNs will increase your portfolio's exposure to fluctuations in the agriculture and livestock commodity sectors.
- **A trading market for the ETRACS ETNs may not develop** — Although the ETRACS ETNs are listed on NYSE Arca, a trading market for the ETRACS ETNs may not develop. Certain affiliates of UBS may engage in limited purchase and resale transactions in the ETRACS ETNs, although they are not required to and may stop at any time. We are not required to maintain any listing of the ETRACS ETNs on NYSE Arca or any other exchange.
- **No interest payments from the ETRACS ETNs** — You will not receive any interest payments on the ETRACS ETNs.
- **No direct exposure to fluctuations in foreign exchange rates** — The value of your ETRACS ETNs will not be adjusted to compensate for exchange rate fluctuations between the U.S. dollar and each of the other currencies in which the futures contracts composing the Index are quoted. Therefore, if the applicable currencies appreciate or depreciate relative to the U.S. dollar over the term of the ETRACS ETNs, you will not receive any additional payment or incur any reduction in the payment at maturity, call or early redemption.
- **Minimum Redemption Amount** — You must elect to redeem at least 50,000 ETRACS ETNs for UBS to repurchase your ETRACS ETNs, unless we determine otherwise or your broker or other financial intermediary bundles your ETRACS ETNs for redemption with those of other investors to reach this minimum requirement.
- **Uncertain tax treatment** — Significant aspects of the tax treatment of the ETRACS ETNs are uncertain. You should consult your own tax advisor about your own tax situation.
- **UBS's Contingent Call Right** — UBS may elect to redeem all outstanding ETRACS ETNs if the aggregate principal amount of ETRACS ETNs outstanding is less than \$10,000,000 as described under "Specific Terms of the Securities — UBS's Contingent Call Right" in the ETRACS Prospectus.

## For questions or additional information about ETRACS:

## Contact us

**ETRACS Investor Service Center:** +1-877-ETRACS 5  
**Hours available:** Monday to Friday 8:00 a.m. – 5:00 p.m. EST

**Email:** [etracs@ubs.com](mailto:etracs@ubs.com)  
**Website:** [etracs.com](http://etracs.com)

<sup>1</sup>The issuer credit rating as of January 23, 2012 pertains to the creditworthiness of UBS AG (that is, the ability of UBS AG to meet its obligations under the terms of the ETNs) and is not indicative of the market risk associated with the ETNs. The creditworthiness of UBS AG does not affect or enhance the likely performance of the ETNs other than with respect to the ability of UBS AG to meet its obligations thereunder. We have not obtained a rating from any rating organization with respect to the ETRACS ETNs.

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