

Hong Kong Exchanges and Clearing Limited (“HKEx”), The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Rules”) and is published for the purpose of giving information with regard to us and obtaining a listing of the CBBCs on the Stock Exchange. We accept full responsibility for the accuracy of the information contained in the Listing Documents (as defined below) and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no other facts the omission of which would make any statement in such Listing Documents misleading.

Investors are warned that the price of the CBBCs may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore ensure that they understand the nature of the CBBCs and carefully study the risk factors set out in this document and, where necessary, seek professional advice, before they invest in the CBBCs.

The CBBCs constitute our general unsecured contractual obligations and of no other person and will rank equally among themselves and with all our other unsecured obligations (save for those obligations preferred by law) upon liquidation. If you purchase the CBBCs, you are relying upon our creditworthiness and have no rights under the CBBCs against the trustee or manager of the Trust.

Supplemental Listing Document for Callable Bull/Bear Contracts (“CBBCs”)

issued by



UBS AG

(incorporated with limited liability in Switzerland)

acting through its London Branch

Sponsor

UBS SECURITIES ASIA LIMITED

Key terms

CBBCs	Series 1	Series 2
Stock code	61161	61162
Issue size	200,000,000 CBBCs	200,000,000 CBBCs
Style/ Category (for all series)	European style cash settled. Category R	
Type	Bear	Bear
Trust	iShares FTSE/Xinhua A50 China Index ETF [#]	iShares FTSE/Xinhua A50 China Index ETF [#]
Units	Existing issued ordinary units of the Trust	Existing issued ordinary units of the Trust
Board Lot	1,000 CBBCs	1,000 CBBCs
Issue Price per CBBC	HKD 0.250	HKD 0.285
Funding Cost as of Launch Date ⁺	HKD 0.0180	HKD 0.0030
Strike Price	HKD 15.380	HKD 15.880
Call Price	HKD 14.880	HKD 15.380
Cash Settlement Amount per Board Lot (if any) payable at expiry (for all series)	Subject to no occurrence of a Mandatory Call Event (see the section “Overview of CBBCs” in this document for further details), you will receive a Cash Settlement Amount (if positive) calculated as follows for each Board Lot: $\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Closing Price}) \times \text{one Board Lot}}{\text{Number of CBBCs per Entitlement}}$	
Closing Price (for all series)	The official closing price of one Unit (as derived from the Daily Quotation Sheet of the Stock Exchange) on the Valuation Date, subject to any adjustment (as determined by the Issuer in accordance with the Conditions).	
Entitlement	1 Unit	1 Unit
Number of CBBCs per Entitlement	10 CBBCs	10 CBBCs
Maximum number of Units to which the CBBCs relate	20,000,000 Units	20,000,000 Units
Launch Date (for all series)	15 March 2010	
Issue Date (for all series)	19 March 2010	
Listing date* (for all series)	Expected to be 22 March 2010 (“Dealing Commencement Date”)	
Observation Commencement Date (for all series)	22 March 2010	
Valuation Date (for all series)	The Trading Day (being a day on which the Stock Exchange is scheduled to be open for trading for its regular trading sessions) immediately preceding the Expiry Date.	
Expiry Date*	19 July 2010	16 August 2010

The name of the Trust is included here for identification purposes only. “iShares” is a trademark of BlackRock Institutional Trust Company, N.A. (“**BIT**”). “FTSE” is a trade mark jointly owned by the London Stock Exchange PLC (“**LSE**”) and The Financial Times Limited (“**FTL**”). “Xinhua” is a service mark and trade mark of Xinhua Finance Limited (“**XFL**”). The CBBCs are not sponsored, endorsed, sold or promoted by BIT, LSE, FTL or XFL. BIT, LSE, FTL and XFL make no representations or warranties with respect to the CBBCs or this document.

+ The funding cost is calculated in accordance with the following formula:

$$\text{Funding Cost} = \frac{\text{Strike Price} \times \text{funding rate} \times n / 365}{\text{Number of CBBCs per Entitlement}}$$

Where,

- (i) “n” is the number of days remaining to expiration; initially, “n” is the number of days from (and including) the Launch Date to (and including) the trading day immediately preceding the Expiry Date; and
- (ii) the funding rate will fluctuate throughout the term of the CBBCs as further described in the “Risk factor” section in this document. As of the Launch Date, the funding rates were 3.3903% for Series 1 and 0.4478% for Series 2.

* If such day is not a Business Day in Hong Kong, the immediately succeeding Business Day.

You must read the above together with our base listing document dated 20 April 2009, in particular, Part C entitled “Terms and Conditions of Cash Settled Callable Bull/Bear Contracts over Single Unit Trusts” set out in Appendix 2 of our base listing document (“**Conditions**”).

19 March 2010

IMPORTANT INFORMATION

The CBBCs are structured products which involve derivatives. Do not invest in them unless you fully understand and are willing to assume the risks associated with them.

What is this document about?

This document is for information purposes only and does not constitute an offer, an advertisement or invitation to the public to subscribe for or to acquire the CBBCs. It is possible that there may have been dealings in the CBBCs since the Launch Date.

What documents should I read before investing in the CBBCs?

You must read this document together with our base listing document dated 20 April 2009 (as supplemented by an addendum dated 5 March 2010 ("Addendum") and any addenda to be issued from time to time) (together, the "Listing Documents"). The Listing Documents are accurate as at the date of this document. You should carefully study the risk factors set out in the Listing Documents.

What are our credit ratings?

Our long term debt ratings are:

<i>Rating agency</i>	<i>Rating as of the Launch Date</i>
Moody's Investors Service, Inc., New York	Aa3
Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies Inc	A+
Fitch Ratings Ltd., London	A+

Rating agencies usually receive a fee from the issuers that they rate.

When evaluating our creditworthiness, you should not solely rely on our credit ratings because:

- a credit rating is not a recommendation to buy, sell or hold the CBBCs;
- ratings of issuers may involve difficult-to-quantify factors such as market competition, the success or failure of new products and markets and managerial competence; and
- a high credit rating is not necessarily indicative of low risk. Our credit ratings as of the Launch Date are for reference only. Any downgrading of our ratings could result in a reduction in the value of the CBBCs.

The CBBCs are not rated.

Are we regulated by any bodies referred to in Rule 15A.13(2) or (3)?

We are a licensed bank regulated by the Hong Kong Monetary Authority. We are also regulated by, among others, the Swiss Financial Market Supervisory Authority and the Financial Services Authority of United Kingdom.

Are we subject to any litigation?

Save as disclosed in the Listing Documents, we and our subsidiaries are not aware of any litigation or claims of material importance pending or threatened against us or them.

Authorisation of the CBBCs

The issue of the CBBCs was authorised by our board of directors on 19 September 2001.

Has our financial position changed since last financial year-end?

There has been no material adverse change in our financial or trading position since 31 December 2009.

Do I need to pay any transaction cost?

The Stock Exchange charges a trading fee of 0.005 per cent. and the Securities and Futures Commission charges a transaction levy of 0.004 per cent. in respect of each transaction effected on the Stock Exchange payable by each of the seller and the buyer and calculated on the value of the consideration for the CBBCs. The levy for the investor compensation fund is currently suspended. You do not need to pay any stamp duty in respect of the CBBCs.

Where can I inspect the relevant documents?

The following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) until the Expiry Date at the offices of UBS Securities Asia Limited:

- our 2009 annual report for the period ended 31 December 2009;
- consent letter of the Auditors;
- each of the Listing Documents (in separate English and Chinese versions); and
- the instrument executed by us on 10 April 2006.

The Listing Documents are also available on the website of the Stock Exchange at www.hkex.com.hk.

各上市文件亦可於聯交所網站(www.hkex.com.hk) 瀏覽。

Have the auditors consented to the inclusion of their report to the Listing Documents?

Our auditors ("Auditors") have given and have not withdrawn their written consent to the inclusion of their report dated 5 March 2009 (except for the impact on the consolidated financial statements and notes thereto of the restatements made to the financial statements 2008 as described in note 1b of the 2008 consolidated financial statements, as to which the date is 20 May 2009) with respect to the consolidated financial statements of UBS AG, the effectiveness of internal control over financial reporting of UBS AG, and/or the references to their name in our Addendum, in the form and context in which they are included. Their report was not prepared exclusively for incorporation into our Addendum. The Auditors do not have our shares or shares in our subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities or securities of any of its subsidiaries.

Selling restrictions

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

The offer or transfer of the CBBCs is also subject to the selling restrictions specified in our base listing document.

How can I get information about UBS AG?

You may visit www.ubs.com to obtain information about us. You must read the section headed "Additional information relating to us" which contains further information relating to us after the date of the Addendum. That section supplements the information set out in the Addendum.

Capitalised terms and inconsistency

Unless otherwise specified, capitalised terms used in this document have the meanings set out in the Conditions. Terms used in this document apply to each series of the CBBCs described on the cover page.

If this document is inconsistent with our base listing document, this document prevails.

OVERVIEW OF CBBCs

What are callable bull/bear contracts?

Callable bull/bear contracts are a type of structured products that track the performance of an underlying asset. Subject to any early termination triggered by the mandatory call feature described below, it gives you a right to a cash amount at expiry called the Cash Settlement Amount as determined on the Valuation Date by reference to a pre-set price called the Strike Price.

The value of a CBBC with entitlement ratio to the underlying Units of 1 to 1 tends to move virtually on a ratio of 1 to 1 with the underlying Units. The trading price of every Board Lot of the CBBCs tends to mirror the movement in the price of the Units in dollar value.

Similar to derivative warrants, callable bull/bear contracts may provide leveraged return to you (but conversely, it could also magnify your losses).

How do the CBBCs work?

The CBBCs are issued as callable bear contracts.

Callable bear contracts are designed for investors who have a pessimistic view on the Units.

The CBBCs are “European Style” and, subject to no occurrence of a Mandatory Call Event (see “What is the mandatory call feature?” below), the CBBCs are only exercisable on the Expiry Date by payment of a Cash Settlement Amount (if any) less the Exercise Expenses on the Settlement Date.

The Cash Settlement Amount (if any) payable at expiry represents the difference between the Closing Price and the Strike Price. If on the Expiry Date, the Cash Settlement Amount is zero or a negative amount, you will lose all of your investments in the CBBCs.

The CBBCs will be issued as Category R. See “Category R or Category N?” below for details about your entitlement following the occurrence of a Mandatory Call Event.

What is the mandatory call feature?

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, we must terminate the CBBCs if a Mandatory Call Event occurs during the Observation Period.

The Observation Period commences from the Observation Commencement Date to the Trading Day immediately preceding the Expiry Date (both dates inclusive).

A Mandatory Call Event occurs if the Spot Price is at or above the Call Price on any Trading Day in the Observation Period.

Subject to the limited circumstances set out in the relevant Conditions in which a Mandatory Call Event may be reversed, all Post MCE Trades (as defined in the paragraph headed “Mandatory Call Event” under the section headed “Other Key Terms, Liquidity and Settlement” of this document) will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

The time at which a Mandatory Call Event occurs will be determined by reference to the Stock Exchange’s automatic order matching and execution system time at which the Spot Price is at or above the Call Price.

Category R or Category N?

The CBBCs are Category R as the Call Price is different from the Strike Price. You may receive a cash payment called the Residual Value upon the occurrence of a Mandatory Call Event. The Residual Value payable (if any) is calculated by reference to the difference of the Strike Price and the Maximum Trade Price. If the Residual Value is zero or a negative number, you will lose all of your investment.

See “Residual Value” in the section headed “Other Key Terms, Liquidity and Settlement” for calculation of the Residual Value.

What are the factors determining the price of the CBBCs?

Throughout the term of the CBBCs, the price of the CBBCs will be influenced by a number of factors, including:

- the Strike Price and the Call Price;
- the likelihood of the occurrence of a Mandatory Call Event;
- the probable range of Residual Value (if any) upon the occurrence of a Mandatory Call Event;
- the time remaining to expiry;
- any change(s) in interim interest rates;
- expected distribution on the Units;
- the supply and demand for the CBBCs;
- the probable range of the Cash Settlement Amounts;
- the depth of the market or liquidity of the underlying Units;
- any related transaction cost; and
- our creditworthiness.

What is your maximum loss?

Your maximum potential loss in the CBBCs is limited to the purchase price for the CBBCs plus the cost involved in such purchase.

Can you sell the CBBCs before maturity?

Yes. We have made an application for the listing of, and permission to deal in, the CBBCs on the Stock Exchange. All necessary arrangements have been made to enable the CBBCs to be admitted into the Central Clearing and Settlement System (“CCASS”). Issue of the CBBCs is conditional upon listing being granted. From the Dealing Commencement Date, you may sell or buy the CBBCs on the Stock Exchange.

The Liquidity Provider will make a market in the CBBCs by providing bid and/or sell prices. See the section headed “Liquidity” of this document for further information.

How can you get information about the Units?

You may obtain information on the Units (including the Trust’s financial reports) by visiting the Stock Exchange website at www.hkex.com.hk or the Trust’s website at:

Trust *website*

iShares FTSE/Xinhua A50 China <http://www.ishares.com.hk>

Index ETF

How can you get information about the CBBCs after issue?

You may visit the Stock Exchange website at www.hkex.com.hk/prod/cbbc/intro.htm to obtain any information on the CBBCs or any notice given by us or the Stock Exchange in relation to the CBBCs.

OTHER KEY TERMS, LIQUIDITY AND SETTLEMENT

You must read this summary together with our base listing document, in particular, the Conditions.

Summary of other key terms

Mandatory Call Event

A Mandatory Call Event occurs when the Spot Price on any Trading Day during the period commencing from and including the Observation Commencement Date and ending on and including the close of the Trading Day (Hong Kong time) immediately preceding the Expiry Date (“**Observation Period**”) is at or above the Call Price.

“**Spot Price**” means:

- (a) in respect of a continuous trading session of the Stock Exchange, the price per Unit concluded by means of automatic order matching on the Stock Exchange as reported in the official real-time dissemination mechanism for the Stock Exchange during such continuous trading session in accordance with the Rules and Regulations of the Exchange (“**Trading Rules**”), excluding direct business (as defined in the Trading Rules); and
- (b) in respect of a pre-opening session or a closing auction session (if applicable) of the Stock Exchange, as the case may be, the final Indicative Equilibrium Price (as defined in the Trading Rules) of the Unit (if any) calculated at the end of the pre-order matching period of such pre-opening session or closing auction session (if applicable), as the case may be, in accordance with the Trading Rules, excluding direct business (as defined in the Trading Rules),

subject to such modification and amendment prescribed by the Stock Exchange from time to time.

Subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs, and you may receive a Cash Settlement Amount (if any). If the Cash Settlement Amount is less than or equal to zero, you will lose all your value of investment in the CBBCs.

Subject to such modification and amendment prescribed by the Stock Exchange from time to time, all trades in the CBBCs concluded via auto-matching or manually after the time of the occurrence of a Mandatory Call Event, and in the case where the Mandatory Call Event occurs during a pre-opening session or a closing auction session (if applicable), all auction trades in the CBBCs concluded in such session and all manual trades concluded after the end of the pre-order matching period in such session (“**Post MCE Trades**”), will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

Cash Settlement Amount upon occurrence of a Mandatory Call Event

You may receive the Residual Value (see the formula below for calculation of the Residual Value) provided that we may, at our sole and absolute discretion, pay an amount higher than the Residual Value.

In such circumstances, we will take into account a number of factors including but not limited to the residual Funding Cost. As the funding rate and hence the Funding Cost may fluctuate throughout the term of the CBBCs, the potential Residual Value of the CBBCs payable upon the occurrence of a Mandatory Call Event may also be affected by such fluctuation.

Residual Value

$$\text{Residual Value per Board Lot} = \frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{one Board Lot}}{\text{Number of CBBCs per Entitlement}}$$

Where:

“**Maximum Trade Price**” means the highest Spot Price of the Units during the MCE Valuation Period; and

“**MCE Valuation Period**” means, subject to potential extension (as described in further details in the Conditions), the period commencing from and including the moment upon which the Mandatory Call Event occurs and up to the end of the following trading session on the Stock Exchange.

Form of the CBBCs

The CBBCs will be represented by a global certificate in the name of HKSCC Nominees Limited. We will not issue definitive certificates for the CBBCs. You may arrange for your broker to hold the CBBCs in a securities account on your behalf, or if you have a CCASS Investor Participant securities account, you may arrange for the CBBCs to be held in such account. You will have to rely on the records of CCASS and/or the statements you receive from your brokers as evidence of your beneficial interest in the CBBCs.

Stock Exchange

The Stock Exchange of Hong Kong Limited

Listing of CBBCs

The Stock Exchange has agreed in principle to the listing of the CBBCs. No application has been made to list the CBBCs on any other exchange.

Liquidity

Liquidity Provider

Stock code: 61161 61162
Name of Liquidity Provider: UBS Securities Hong Kong Limited
Address: 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Broker ID Number: 9655 9655

The Liquidity Provider is our affiliate and is regulated by the Stock Exchange and the Securities and Futures Commission. It will act as our agent in providing quotes.

Quotes

You can request a quote by calling the Liquidity Provider at:

telephone number: + 852 2971 6628.

The Liquidity Provider will respond within ten minutes and the quote will be displayed on the Stock Exchange's designated stock page for the CBBCs.

Maximum spread between bid and offer prices

25

Factors for determining the bid and offer prices

The Liquidity Provider will consider factors, including, without limitation, the Call Price, the Strike Price, the prevailing market price of the Units, the price volatility of the Units, prevailing interest rates, the distribution yield of the Units, the time left to the expiry of the CBBCs, the expected life of the CBBCs and the funding cost.

Minimum quantity for which liquidity will be provided

10 Board Lots

Circumstances under which the Liquidity Provider may not be able to, and shall not be obliged to, provide liquidity

- (i) upon the occurrence of a Mandatory Call Event;
- (ii) during the first five minutes of each morning trading session or the first five minutes after trading commences for the first time on any trading day;
- (iii) during a pre-opening session or a closing auction session (if applicable), or any other circumstances as may be prescribed by the Stock Exchange from time to time;
- (iv) when the CBBCs are suspended from trading for any reason;
- (v) when there are no CBBCs available for market making, in which event, only a bid price will be available. CBBCs held by us or any of our affiliates in a fiduciary or agency capacity are not CBBCs available for market making;
- (vi) on the Expiry Date;
- (vii) when operational and technical problems affecting the market making activities arise;
- (viii) if the stock market experiences exceptional price movement and volatility;
- (ix) if a market disruption event occurs;
- (x) when the ability of the Liquidity Provider acting on our behalf to source a hedge or unwind an existing hedge is materially affected by the prevailing market condition; and
- (xi) if the theoretical value of the CBBCs is less than HKD 0.01.

Settlement

Settlement date upon a transfer

The CBBCs may only be transferred in a Board Lot (or integral multiples thereof) in accordance with the CCASS Rules. Where a transfer of CBBCs takes place on the Stock Exchange, settlement must currently be made not later than two trading days.

Hong Kong stamp duty is not chargeable upon the transfer of CBBCs whether pursuant to dealings on the Stock Exchange or otherwise.

Early termination and exercise

Trading in the CBBCs will be suspended immediately upon a Mandatory Call Event and, subject to the limited circumstances set out in the Conditions in which a Mandatory Call Event may be reversed, all the Post MCE Trades will be invalid and will be cancelled and will not be recognised by us or the Stock Exchange.

Subject to early termination upon the occurrence of a Mandatory Call Event, the CBBCs will be automatically exercised on the Expiry Date in integral multiples of the Board Lot if the Cash Settlement Amount is positive; otherwise, you will lose all of your investment. We will deliver the Cash Settlement Amount (if any) net of any Exercise Expenses to HKSCC Nominees Limited, which will then distribute the received Cash Settlement Amount to the securities account of your broker or to your CCASS Investor Participant securities account (as the case may be).

Exercise Expenses

You are responsible for any Exercise Expenses. Exercise Expenses mean any charges or expenses including any taxes or duties which are incurred in respect of the exercise of the CBBCs. If the Cash Settlement Amount is equal to or less than the Exercise Expenses, no amount is payable. We are irrevocably authorised by the holder of the CBBCs to deduct all Exercise Expenses from the Cash Settlement Amount.

Settlement Date

The third CCASS Settlement Day after the MCE Valuation Period or the Valuation Date, as the case may be.

RISK FACTORS

You must read these risk factors together with the “Risk Factors” set out in our base listing document.

You may lose all your investment in the CBBCs

The price of the CBBCs may fall in value as rapidly as it may rise and you should be prepared to sustain a significant or total loss of the purchase price of the CBBCs. In particular, if the Cash Settlement Amount payable at expiry or the Residual Value payable upon the occurrence of a Mandatory Call Event is less than or equal to zero, you will lose all of your investment in the CBBCs.

Mandatory Call Event is irrevocable

A Mandatory Call Event is irrevocable unless it is triggered as a result of any of the following events:

- (i) report of system malfunction or other technical errors of HKEx (such as the setting up of wrong Call Price and other parameters) by the Stock Exchange to us; or
- (ii) report of manifest errors caused by the relevant third party price source where applicable by us to the Stock Exchange,

and we agree with the Stock Exchange that such Mandatory Call Event is to be revoked provided that such mutual agreement must be reached no later than 30 minutes before the commencement of trading (including the pre-opening session) (Hong Kong time) on the Trading Day of the Stock Exchange immediately following the day on which the Mandatory Call Event occurs.

In such case, the Mandatory Call Event so triggered will be reversed and all trades cancelled (if any) will be reinstated and the trading of the CBBCs will resume.

Delay in Mandatory Call Event notification

We will notify the market as soon as practicable after the CBBCs have been called. You should be aware that there may be a delay in the announcement of a Mandatory Call Event due to technical errors, system failures and other factors that are beyond the control of the Stock Exchange and us.

Non-Recognition of Post MCE Trades

The Stock Exchange and its recognised exchange controller, HKEx, will not incur any liability (whether based on contract, tort, (including, without limitation, negligences), or any other legal or equitable grounds and without regard to the circumstances giving rise to any purported claim except in the case of wilful misconduct on the part of the Stock Exchange and/or HKEx) for, any direct, consequential, special, indirect, economic, punitive, exemplary or any other loss or damage suffered or incurred by us or any other party arising from or in connection with the Mandatory Call Event or the suspension of trading (“**Trading Suspension**”) or the non-recognition of trades after a Mandatory Call Event (“**Non-Recognition of Post MCE Trades**”), including without limitation, any delay, failure, mistake or error in the Trading Suspension or Non-Recognition of Post MCE Trades.

We and our affiliates shall not have any responsibility for any losses suffered as a result of the Trading Suspension and/or Non-Recognition of Post MCE Trades in connection with the occurrence of a Mandatory Call Event, notwithstanding that such Trading Suspension or Non-Recognition of Post MCE Trades may have occurred as a result of an error in the observation of the event.

Fluctuation in the Funding Cost

The Issue Price of the CBBCs is set by reference to the difference between the initial reference spot price of the Units and the Strike Price, plus the applicable Funding Cost. The initial Funding Cost

applicable to the CBBCs is specified on the cover page. It will fluctuate throughout the life of the CBBCs as the funding rate changes from time to time. The funding rate is a rate determined by us based on one or more of the following factors, including but not limited to the Strike Price, the prevailing interest rate, the expected life of the CBBCs, any expected notional distribution of the Units and the margin financing provided by us.

The CBBCs can be volatile

Although the price of the CBBCs tends to follow closely with the price of the Units, in some situations, the price of the CBBCs may not track the price of the Units. You should carefully consider, among other things, the factors set out in the section headed “Overview of CBBCs” in this document before dealing in the CBBCs.

You should note that when the Spot Price of the Units is close to the Call Price, the trading price of the CBBCs will be more volatile which may not be comparable and may be disproportionate with the change in the price of the Units.

Our hedging activities

Our trading and/or hedging activities or our related parties related to the CBBCs and/or other financial instruments issued by us from time to time may have an impact on the price of the Units and may trigger a Mandatory Call Event.

In particular, when the price of the Units is close to the Call Price, our unwinding activities in relation to the Units may cause a fall or rise (as the case may be) in the price of the Units leading to a Mandatory Call Event as a result of such unwinding activities.

Before the occurrence of a Mandatory Call Event, we or our related party can unwind our hedging transactions relating to the CBBCs in proportion to the amount of the CBBCs we repurchase from the market from time to time. Upon the occurrence of a Mandatory Call Event, we or our related party can unwind any hedging transactions relating to the CBBCs. Such unwinding activities after the occurrence of a Mandatory Call Event may affect the price of the Units and consequently the Residual Value for the CBBCs.

Adjustment related risk

The occurrence of certain events (including, without limitation, a rights issue or bonus issue by the Trust, a subdivision and consolidation of the Units and a restructuring event of the Trust) may entitle us to adjust the Conditions. However, we are not obliged to adjust the Conditions for every event that affects the Units. Any adjustment or decision not to make any adjustment may adversely affect the value of the CBBCs. See Condition 6 for details about such adjustments.

Possible limited secondary market

The Liquidity Provider may be the only market participant for the CBBCs and therefore the secondary market for the CBBCs may be limited. The more limited the secondary market, the more difficult it may be for you to realise the value in the CBBCs prior to expiry.

We have no role in the Trust

Neither we nor any of our affiliates have the ability to control or predict the actions of the trustee or the manager of the Trust. Neither the trustee nor the manager of the Trust (i) is involved in the offer of the CBBCs in any way, or (ii) has any obligation to consider your interest in taking any corporate actions that might affect the value of the CBBCs.

The manager of the Trust is responsible for making investment and other trading decisions with respect to the management of the Trust consistent with its investment objectives and in compliance with the investment restrictions as set out in the constitutive documents of the Trust. The manner in which the Trust is managed and the timing of actions may have a significant impact on the performance of the Trust. Hence, the market price of the Units is also subject to these risks.

ADDITIONAL INFORMATION RELATING TO US

Our 2009 Annual Report

We released our 2009 annual report for the period ended 31 December 2009 on 15 March 2010. You may visit our website at <http://www.ubs.com/annualreporting> to access our 2009 annual report.

The information set out under this paragraph has been extracted without adjustment from our 2009 annual report. Page references under this paragraph refer to pages in such report.

Income statement

<i>CHF million, except per share data</i>	Note	31.12.09	For the year ended		% change from
			31.12.08	31.12.07	31.12.08
Continuing operations					
Interest income	3	23,461	65,679	109,112	(64)
Interest expense	3	(17,016)	(59,687)	(103,775)	(71)
Net interest income	3	6,446	5,992	5,337	8
Credit loss (expense) / recovery		(1,832)	(2,996)	(238)	(39)
Net interest income after credit loss expense		4,614	2,996	5,099	54
Net fee and commission income	4	17,712	22,929	30,634	(23)
Net trading income	3	(324)	(25,820)	(8,353)	99
Other income	5	599	692	4,341	(13)
Total operating income		22,601	796	31,721	
Personnel expenses	6	16,543	16,262	25,515	2
General and administrative expenses	7	6,248	10,498	8,429	(40)
Depreciation of property and equipment	15	1,048	1,241	1,243	(16)
Impairment of goodwill	16, 38	1,123	341	0	229
Amortization of intangible assets		200	213	276	(6)
Total operating expenses		25,162	28,555	35,463	(12)
Operating profit from continuing operations before tax		(2,561)	(27,758)	(3,742)	91
Tax expense	22	(443)	(6,837)	1,369	94
Net profit from continuing operations		(2,118)	(20,922)	(5,111)	90
Discontinued operations					
Profit from discontinued operations before tax	37	(7)	198	145	
Tax expense	22	0	1	(258)	(100)
Net profit from discontinued operations		(7)	198	403	
Net profit		(2,125)	(20,724)	(4,708)	90
Net profit attributable to minority interests		610	568	539	7
from continuing operations		600	520	539	15
from discontinued operations		10	48	0	(79)
Net profit attributable to UBS shareholders		(2,736)	(21,292)	(5,247)	87
from continuing operations		(2,719)	(21,442)	(5,650)	87
from discontinued operations		(17)	150	403	
Earnings per share (CHF)					
Basic earnings per share	8	(0.75)	(7.63)	(2.40)	90
from continuing operations		(0.74)	(7.68)	(2.59)	90
from discontinued operations		0.00	0.05	0.18	(100)
Diluted earnings per share	8	(0.75)	(7.63)	(2.41)	90
from continuing operations		(0.74)	(7.69)	(2.59)	90
from discontinued operations		0.00	0.05	0.18	(100)

Statement of comprehensive income

	For the year ended		
CHF million	31.12.09	31.12.08	31.12.07
Net profit	(2,125)	(20,724)	(4,708)
Other comprehensive income			
Foreign currency translation			
Foreign currency translation movements, before tax	(35)	(4,509)	(1,405)
Foreign exchange amounts reclassified to the income statement from equity	(259)	202	108
Income tax relating to foreign currency translation movements	22	(17)	39
Subtotal foreign currency translation movements, net of tax	(272)	(4,324)	(1,258)
Financial investments available-for-sale			
Net unrealized gains/(losses) on financial investments available-for-sale, before tax	157	(903)	1,578
Impairment charges reclassified to the income statement from equity	70	47	14
Realized gains reclassified to the income statement from equity	(147)	(645)	(3,423)
Realized losses reclassified to the income statement from equity	1	6	7
Income tax relating to net unrealized gains/(losses) on financial investments available-for-sale	(54)	341	421
Subtotal net unrealized gains/(losses) on financial investments available-for-sale, net of tax	27	(1,154)	(1,403)
Cash flow hedges			
Effective portion of changes in fair value of derivative instruments designated as cash flow hedges, before tax	78	2,001	369
Net unrealized (gains)/losses reclassified to the income statement from equity	(756)	178	172
Income tax effects relating to cash flow hedges	257	(520)	(130)
Subtotal changes in fair value of derivative instruments designated as cash flow hedges	(421)	1,659	411
Total other comprehensive income	(667)	(3,818)	(2,250)
Total comprehensive income	(2,792)	(24,542)	(6,958)
Total comprehensive income attributable to minority interests	484	(77)	269
Total comprehensive income attributable to UBS shareholders	(3,276)	(24,465)	(7,227)

Balance sheet

CHF million	Note	31.12.09	31.12.08	% change from 31.12.08
Assets				
Cash and balances with central banks		20,899	32,744	(36)
Due from banks	9	46,574	64,451	(28)
Cash collateral on securities borrowed	10	63,507	122,897	(48)
Reverse repurchase agreements	10	116,689	224,648	(48)
Trading portfolio assets	11	188,037	271,838	(31)
Trading portfolio assets pledged as collateral	11	44,221	40,216	10
Positive replacement values	23	421,694	854,100	(51)
Financial assets designated at fair value	12	10,223	12,882	(21)
Loans	9	306,828	340,308	(10)
Financial investments available-for-sale	13	81,757	5,248	
Accrued income and prepaid expenses		5,816	6,141	(5)
Investments in associates	14	870	892	(2)
Property and equipment	15	6,212	6,706	(7)
Goodwill and intangible assets	16	11,008	12,935	(15)
Deferred tax assets	22	8,868	8,880	0
Other assets	17	7,336	9,931	(26)
Total assets		1,340,538	2,014,815	(33)
Liabilities				
Due to banks	18	65,166	125,628	(48)
Cash collateral on securities lent	10	7,995	14,063	(43)
Repurchase agreements	10	64,175	102,561	(37)
Trading portfolio liabilities	11	47,469	62,431	(24)
Negative replacement values	23	409,943	851,864	(52)
Financial liabilities designated at fair value	19	112,653	101,546	11
Due to customers	18	410,475	465,741	(12)
Accrued expenses and deferred income		8,689	10,196	(15)
Debt issued	19	131,352	197,254	(33)
Other liabilities	20, 21, 22	33,986	42,998	(21)
Total liabilities		1,291,905	1,974,282	(35)
Equity				
Share capital		356	293	22
Share premium		34,786	25,250	38
Net income recognized directly in equity, net of tax		(4,875)	(4,335)	(12)
Revaluation reserve from step acquisitions, net of tax		38	38	0
Retained earnings		11,751	14,487	(19)
Equity classified as obligation to purchase own shares		(2)	(46)	96
Treasury shares		(1,040)	(3,156)	67
Equity attributable to UBS shareholders		41,013	32,531	26
Equity attributable to minority interests		7,620	8,002	(5)
Total equity		48,633	40,533	20
Total liabilities and equity		1,340,538	2,014,815	(33)

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