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**Notice of Valuation of Residual Value of the following callable bull/bear contracts (“CBBCs”)
issued by
UBS AG
(incorporated with limited liability in Switzerland)
Sponsor
UBS Securities Asia Limited
Announcement**

UBS AG (the “**Issuer**”), acting through its London branch, gives notice that under the terms and conditions of the CBBCs (the “**Conditions**”), following the occurrence of the Mandatory Call Event (“**MCE**”) in respect of the following 3 CBBCs occurred at time specified (“**MCE Time**”) in the pre-opening session on date specified (“**MCE Date**”), the Residual Value has been determined as follows:

Stock Code	Style	Type	Category	Mandatory Call Event (MCE) Time	MCE Date	Underlying	Issue Size	Year	No. Of CBBC(s) Per Entitlement	Entitlement	Board Lot	Strike Price	Maximum / Minimum Trade Price	Residual Value per CBBC	Residual Value per Board Lot
61814	European (Cash Settled)	Bull	R	09:20:00	16 May 2012	HSBC Holdings plc	100,000,000	2012	100	1 Share	4,000	HKD 64.50	HKD 66.2	HKD 0.017	HKD 68
61972	European (Cash Settled)	Bull	R	09:20:00	16 May 2012	China Construction Bank Corporation	100,000,000	2012	10	1 Share	10,000	HKD 5.20	HKD 5.28	HKD 0.008	HKD 80
61975	European (Cash Settled)	Bull	R	09:20:00	16 May 2012	China Petroleum & Chemical Corporation	100,000,000	2012	10	1 Share	20,000	HKD 7.20	HKD 7.37	HKD 0.017	HKD 340

For Bear CBBCs, the Residual Value per Board Lot is determined by the Issuer by reference to the following formula:

$$\frac{\text{Entitlement} \times (\text{Strike Price} - \text{Maximum Trade Price}) \times \text{One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

For Bull CBBCs, the Residual Value per Board Lot is determined by the Issuer by reference to the following formula:

$$\frac{\text{Entitlement} \times (\text{Minimum Trade Price} - \text{Strike Price}) \times \text{One Board Lot}}{\text{Number of CBBC(s) per Entitlement}}$$

Subject to Settlement Disruption Event, all eligible CBBC holders will receive the Residual Value no later than 21 May 2012, which is the third CCASS Settlement Day following the end of the MCE Valuation Period.

Capitalised terms not defined in this announcement have the meaning given to them in the Conditions.

Hong Kong, 16 May 2012