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Launch Announcement for Warrants to be issued by



UBS AG

(incorporated with limited liability in Switzerland)

acting through its **London Branch**

Sponsor

UBS SECURITIES ASIA LIMITED

Particulars of Warrants

We intend to issue the following Warrants:

Warrants

Stock code	18568
Issue size	300,000,000 Warrants
Type	European style cash settled put warrants
Index	Hang Seng Index
Board Lot	10,000 Warrants
Issue Price	HKD 0.250
Strike Level	18,500.00
Index Currency Amount	HKD 1.00
Divisor	7,000
Launch Date	16 May 2012
Issue Date	22 May 2012
Expected listing date	23 May 2012
Expiry Date / Valuation Date⁺	28 December 2012
Implied Volatility*	32.10%
Effective Gearing*	4.62x
Gearing*	11.01x
Premium*	13.03%

⁺ If the day specified is not the day on which the Index Futures Contracts expire on the Hong Kong Futures Exchange Limited, the day on which the Index Futures Contracts will expire on the Hong Kong Futures Exchange Limited.

* This data may fluctuate during the life of the Warrants and may not be comparable to similar information provided by other issuers of derivative warrants. Each issuer may use different pricing models.

How much will you receive at expiry?

You are not required to deliver any exercise notice and the Warrants will be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero. You will receive a Cash Settlement Amount per Board Lot in Hong Kong dollars calculated as follows (if positive):

$$\text{Cash Settlement Amount per Board Lot} = \frac{(\text{Strike Level} - \text{Closing Level}) \times \text{one Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

“**Closing Level**” means the final settlement price for settling the Hang Seng Index December 2012 Futures Contracts (the “**Index Futures Contracts**”), determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures and the Contract Specifications for Hang Seng Index Futures Contracts (as amended from time to time) of the Hong Kong Futures Exchange Limited.

Listing of the Warrants

We will make an application to the Stock Exchange for listing of, and permission to deal in the Warrants on the Stock Exchange.

Where do you obtain quotes?

You may request to obtain a quote for your Warrants by calling the following telephone number:

Stock code:	18568
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:	9619
Telephone number:	+ 852 2971 6628

We do not have any special arrangements in place with any brokers with respect to our Warrants.

Where can you inspect the relevant documents?

The following documents (“**Listing Documents**”), each in separate English and Chinese versions, are available for inspection until the Expiry Date at 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong :

- 1 our base listing document dated 10 April 2012; and
- 2 the relevant supplemental listing document for the Warrants to be dated on or about 22 May 2012.

IMPORTANT INFORMATION

Unsecured nature of the Warrants

The Warrants constitute our general unsecured contractual obligations and of no other person. You are relying upon our creditworthiness and have no rights under the Warrants against the index compiler.

Issuer

Our long term debt ratings are:

Rating Agency	Rating as of the Launch Date
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

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.

Selling restriction

The Warrants 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).

Investment risk

The price of the Warrants may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. If the Cash Settlement Amount is less than or equal to zero, the Warrants will expire worthless on the Expiry Date.

We or the Liquidity Provider may be the only market participant for the Warrants. The secondary market for the Warrants may be limited.

You must:

- carefully study the risk factors set out in the relevant Listing Documents;
- fully understand the potential risks and rewards and independently determine whether the Warrants are appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances; and
- consult with such advisers as you deem necessary to assist yourself in making these determinations.

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Hong Kong, 16 May 2012