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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 1 CBBCs occurred at time specified (“**MCE Time**”) in the continuous trading 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 | Divisor | Index Currency Amount | Board Lot | Strike Level | Maximum / Minimum Index Level | Residual Value per CBBC | Residual Value per Board Lot |
|------------|-------------------------|------|----------|---------------------------------|-------------|-----------------------------------|-------------|------|---------|-----------------------|-----------|--------------|-------------------------------|-------------------------|------------------------------|
| 60083 | European (Cash Settled) | Bull | R | 09:31:00 | 18 May 2012 | Hang Seng China Enterprises Index | 100,000,000 | 2012 | 10,000 | HKD 1.00 | 10,000 | 9,300.00 | 9,376.74 | HKD 0.007674 | HKD 76.74 |

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

$$\frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{One Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

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

$$\frac{(\text{Minimum Index Level} - \text{Strike Level}) \times \text{One Board Lot} \times \text{Index Currency Amount}}{\text{Divisor}}$$

Subject to Settlement Disruption Event, all eligible CBBC holders will receive the Residual Value no later than 23 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, 18 May 2012