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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 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
62061	European (Cash Settled)	Bull	R	13:02:15	18 May 2012	Hang Seng Index	300,000,000	2012	10,000	HKD 1.00	10,000	18,500.00	18,622.31	HKD 0.012231	HKD 122.31
69896	European (Cash Settled)	Bull	R	13:02:15	18 May 2012	Hang Seng Index	300,000,000	2012	10,000	HKD 1.00	10,000	18,500.00	18,622.31	HKD 0.012231	HKD 122.31
60019	European (Cash Settled)	Bull	R	13:17:45	18 May 2012	Hang Seng Index	300,000,000	2012	10,000	HKD 1.00	10,000	18,450.00	18,622.31	HKD 0.017231	HKD 172.31

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 24 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, 21 May 2012