

UBS-ETT

Linked to DJ STOXX 600 Insurance Net Total Return Index
Issued by UBS AG



Cash settled
SVSP Product Type: Tracker Certificates (1300)
Valor: 10834753; SIX Symbol: ETINS

Final Termsheet

1. Description of the Product

Information on Underlying

Underlying(s)	Initial Underlying Level	Conversion Ratio
DJ STOXX 600® Insurance Return Index (Bloomberg: SXIR; Valor: 846468)	243.33	1:1 (1 Unit refers to 1 Underlying)

Product Details

Security Numbers	Valor: 10834753 / ISIN: CH0108347532 / WKN: UB1ETN
SIX Symbol	ETINS
Issue Size	Up to 200'000 Units (with reopening clause)
Issue Price	EUR 243.33
Management Fee (MF)	0.00% (Guaranteed for the first 2 years after Launch Date)
Settlement Currency	EUR

Dates

Launch Date	15 January 2010
Pricing Date ("Pricing")	15 January 2010
First SIX Trading Date (anticipated)	22 January 2010
Issue Date / Payment Date	22 January 2010
Expiration Date ("Expiry")	Open End
Maturity Date / Redemption Date	means the 5 th Business Day following the Effective Exercise Date. In case this date is not a Business Day the next following Business Day will apply (subject to Market Disruption Event provisions).

Redemption

The Investor is entitled to receive from the Issuer on the Redemption Date an amount in the Settlement Currency, according to the following formula and taking into account the Conversion Ratio:

Expiration Value - MF_i

Management Fee (MF_i) Management Fee, if any, accruing daily based on the ETT's previous day's value from the Pricing Date or the Management Fee Adjustment Date to the Effective Exercise Day, calculated on an Actual/360 basis.

Expiration Value Official closing value of the Underlying on the Effective Exercise Date on the Related Exchange, as determined by the Index Sponsor(s).

Contact: UBS AG, P.O. Box, 8098 Zurich
Institutional Investors: 41-44-239 68 00*
Private Investors: derivatives@ubs.com Internet: www.ubs.com/kevinvest

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Product Structure

The UBS-ETT (Exchange Traded Tracker) allows for participation in the performance of the Underlying (converted by the Conversion Ratio).

General Information

Issuer	UBS AG, London Branch
Issuer Rating	Aa3 Moody's / A+ S&P's / A+ Fitch
Lead Manager	UBS AG, Zurich (UBS Investment Bank)
Calculation Agent	UBS AG, London Branch
Paying Agent	UBS AG, Zurich
Listing	SIX Swiss Exchange listing will be applied for
Index Sponsor	STOXX LIMITED
Related Exchange	The stock exchanges on which securities comprising the Underlying Index are traded, as determined by the Index Sponsor from time to time.
Secondary Market	Daily price indications will be available on Reuters/Bloomberg, www.ubs.com/keyinvest and Telekurs from 09:15-17:15 CET.
Minimum Investment	1 Unit(s)
Minimum Trading Lot	1 Unit(s)
Status	Unsecured / Unsubordinated
Clearing	SIX SIS, Euroclear, Clearstream (registered as intermediated securities with SIX SIS AG, in Switzerland)
Form of deed	Uncertificated securities
Governing Law / Jurisdiction	Swiss / Zurich
Product	One EUR-denominated UBS-ETT unit is equivalent to one (1) "Product". "Products" wherever used herein shall be construed to mean integral multiples of the same, subject to the issue size.
Public Offering	Switzerland, Germany, Luxembourg, Austria, Spain, Liechtenstein, Sweden
Management Fee Adjustment	The Issuer has the annual right, on 15 December, for the first time on 15 December 2010 ("Fee Adjustment Notice Date") to adjust the Management Fee effective 13 months after the "Fee Adjustment Notice Date" has been published to that effect (in case that any of the dates is not an Exchange Business Day, the next following Exchange Business Day applies). The Management Fee, if any, is accruing daily from the Pricing Date or the Management Fee Adjustment Date to the Effective Exercise Day, calculated on an Actual/360 basis. However, it cannot exceed 0.25% per annum.
Management Fee Adjustment Date	means the day when the Management Fee Adjustment becomes effective (corresponds to 13 months after the "Fee Adjustment Notice Date" subject to Market Disruption Event provisions).
Issuer Call Right	The Issuer has the right to call the UBS-ETT anytime for early redemption for a value equal to Redemption (as described herein) effective 6 months after the "Notice Date" has been published to that effect ("Effective Exercise Date") (in case that any of the dates is not an Exchange Business Day, the next following Exchange Business Day applies). Subject to Market Disruption Event provisions the UBS-ETT will be redeemed on the Redemption Date.
Investor Exercise Right	In addition to the possibility to sell the UBS-ETT at any time in the Secondary Market (subject to market conditions), each Investor has an annual right, on 15 January, for the first time on 15 January 2011 ("Exercise Date"), to exercise the UBS-ETT (notice to be received not later than 10 am CET on the relevant Exercise Date) for a value equal to Redemption (as described herein) 1 year after the "Exercise Date" ("Effective Exercise Date"). The exercise will become effective as of close of business 1 year after the relevant Exercise Date (in case that any of the dates is not an Exchange Business Day, the next following Exchange Business Day applies). Subject to Market Disruption Event provisions the UBS-ETT will be redeemed on the Redemption Date.

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Effective Exercise Date means the day when either the Issuer's Call Right or the Investor's Exercise Right becomes effective (corresponds to 1 year after the "Exercise Date" in case of investor's exercise and to 6 months after the "Notice Date" in case of issuer's call and subject to Market Disruption Event provisions)

Tax Treatment Switzerland

Swiss Federal Stamp Duty	Secondary market transactions are not subject to Swiss Stamp Duty.
Swiss Federal Income Tax	For private investors with tax domicile in Switzerland, the transaction is in principle subject to neither Swiss federal nor cantonal and communal Income Tax.
Swiss Withholding Tax	The product is not subject to the Swiss withholding tax.
EU Savings Tax Treatment	For Swiss paying agents, the product is not subject to the EU Savings tax (TK9).

The tax information only provides a general overview of the potential tax consequences linked to this product at the time of issue. Tax laws and tax doctrine may change, possibly with retroactive effect.

Product Documentation

UBS Structured Note Programme (registered with BaFin and EUPD compliant).

Final Terms

This document serves as and fulfils the requirements of a '**Simplified Prospectus**' in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). The Simplified Prospectus together with the UBS Structured Note Programme ("SNP") and the respective Final Terms shall form the documentation for this Product ("Product Documentation"), and accordingly the Simplified Prospectus should always be read in conjunction with these documents. The terms "Product" respectively "Investor" as used in this Simplified Prospectus correspond to the terms "Note"/"Certificate" respectively "Noteholder"/"Certificateholder" as defined in the SNP.

During the whole term of this Product, the respective documents can be ordered free of charge from UBS AG at P.O. Box, CH-8098 Zurich (Switzerland), via telephone (+41-(0)44-239 47 03), fax (+41-(0)44-239 69 14) or via e-mail (swiss-prospectus@ubs.com). In addition, for clients outside of the United Kingdom, the Product Documentation is available on the internet at www.ubs.com/keyinvest.

Notices in connection with this Product shall be validly given by publication in electronic media such as Reuters and/or Investdata. In addition, any changes with regard to the terms of this Product shall be published on the internet on UBS Quotes and, for clients outside of the United Kingdom, on UBS Keyinvest (www.ubs.com/keyinvest).

Classification

This Product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 ss of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus does not require an authorisation of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this Product are not eligible for the specific investor protection under the CISA.

Prudential Supervision

UBS AG is authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). In addition, its London Branch is authorised and regulated by the Financial Services Authority (FSA) and its Jersey Branch by the Jersey Financial Services Commission (JFSC).

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2. Prospects of Profits and Losses

Market Expectation	The UBS-ETT is a product for Investors who expect the Underlying to increase over the life of the Product.
Risk Tolerance	Investors in this product should be experienced investors and familiar with both derivative products and the stock markets The Investors must be willing to make an investment that is exposed to the full down-side risk of the Underlying. The Investors do not require capital protection.
Profit Potential	The product allows full participation in the Underlying.
Loss Potential	The Investors may lose some or all of the investment as they are fully exposed to the performance of the Underlying.

3. Significant Risks for Investors

For product specific risks please see above (2. Prospects of Profits and Losses)

Risk Factors relating to the Issuer

In addition to the market risk with regard to the development of the Underlying, each Investor bears the general risk that the financial situation of the Issuer could deteriorate. The Products constitute immediate, unsecured and unsubordinated obligations of the Issuer, which, particularly in case of insolvency of the Issuer, rank pari passu with each and all other current and future unsecured and unsubordinated obligations of the Issuer, with the exception of those that have priority due to mandatory statutory provisions. The general assessment of the Issuer's creditworthiness may affect the value of the Products. This assessment generally depends on the ratings assigned to the Issuer or its affiliated companies by rating agencies such as Moody's, Fitch and Standard & Poor's.

The Issuer Ratings indicated in this document reflect the situation at the time of issuance and may be subject to changes. The actual Issuer Ratings at any given time can be seen on the Issuer's website (www.ubs.com) under "Analysts & Investors".

Secondary Market

The Issuer or the Lead Manager, as applicable, intends, under normal market conditions, to provide bid and offer prices for this Product on a regular basis. However, the Issuer or the Lead Manager, as applicable, makes no firm commitment to provide liquidity by means of bid and offer prices for this Product, and assumes no legal obligation to quote any such prices or with respect to the level or determination of such prices. Potential Investors therefore should not rely on the ability to sell this Product at a specific time or at a specific price.

In special market situations, where the Issuer is completely unable to enter into hedging transactions, or where such transactions are very difficult to enter into, the spread between the bid and offer prices may be temporarily expanded, in order to limit the economic risks of the Issuer.

Market Risk

The investor is exposed to market disruption events (such as trading disruption, exchange disruption and early closure of the relevant exchange), adjustments and early termination which could have an impact on the redemption amount through delay in payment or change in value. For a detailed description of such events and their effects please read the Product Documentation.

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Important Information

This information is communicated by UBS AG and/or its affiliates ("UBS"). UBS may from time to time, as principal or agent, have positions in, or may buy or sell, or make a market in any securities, currencies, financial instruments or other assets underlying the transaction to which this document relates. UBS may provide investment banking and other services to and/or have officers who serve as directors of the companies referred to in this document. UBS' trading and/or hedging activities related to this transaction may have an impact on the price of the underlying asset and may affect the likelihood that any relevant barrier is crossed. UBS has policies and procedures designed to minimise the risk that officers and employees are influenced by any conflicting interest or duty and that confidential information is improperly disclosed or made available.

In certain circumstances UBS sells this Product to dealers and other financial institutions at a discount to the issue price or rebates to them for their account some proportion of the issue price. Further information is available on request.

Structured transactions are complex and may involve a high risk of loss. Prior to entering into a transaction you should consult with your own legal, regulatory, tax, financial and accounting advisors to the extent you consider it necessary, and make your own investment, hedging and trading decisions (including decisions regarding the suitability of this transaction) based upon your own judgement and advice from those advisers you consider necessary. Save as otherwise expressly agreed in writing, UBS is not acting as your financial adviser or fiduciary in any transaction.

This document should not be construed as an offer, personal recommendation or solicitation to conclude a transaction and should not be treated as giving investment advice. The terms of any investment will be exclusively subject to the detailed provisions, including risk considerations, contained in the Information Memorandum, Prospectus or other issuer documentation for the issue of the Products/Notes (the "Prospectus").

UBS makes no representation or warranty relating to any information herein which is derived from independent sources. This document shall not be copied or reproduced without UBS' prior written permission.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Products described herein, save where explicitly stated in the Product Documentation. The Products must be sold in accordance with all applicable selling restrictions in the jurisdictions in which they are sold.

There is a possibility that costs, including taxes, related to transactions in connection with this Product may arise for the Investor that are not paid by UBS or imposed by it.

Index Disclaimer

STOXX and Dow Jones have no relationship to UBS AG (the "Licensee"), other than the licensing of the relevant index and the related trademarks for use in connection with the Product.

STOXX and Dow Jones do **not**:

- Sponsor, endorse, sell or promote the Products.
- Recommend that any person invest in the Products or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of Products.
- Have any responsibility or liability for the administration, management or marketing of the Products.
- Consider the needs of the Products or the owners of the products in determining, composing or calculating the Index or have any obligation to do so.

STOXX and Dow Jones will **not** have any liability in connection with the Products. Specifically,

- STOXX and Dow Jones do not make any warranty, express or implied and disclaim any and all warranty about:
 - The results to be obtained by the Products, the owner of the Products or any other person in connection with the use of the Index and the data included in the Index;
 - The accuracy or completeness of the Index and its data;
 - The merchantability and the fitness for a particular purpose or use of the Index and its data;
- STOXX and Dow Jones will have no liability for any errors, omissions or interruptions in the Index or its data;
- Under no circumstances will STOXX or Dow Jones be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX or Dow Jones knows that they might occur.

The licensing agreement between the Licensee and STOXX is solely for their benefit and not for the benefit of the owners of the Products or any other third parties.

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Selling Restrictions

Any Products purchased by any person for resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further documentation relating to this Product in such jurisdiction.

The restrictions listed below must not be taken as definitive guidance as to whether this Product can be sold in a jurisdiction. Additional restrictions on offering, selling or holding of this Product may apply in other jurisdictions. Investors in this Product should seek specific advice before on-selling this Product.

Europe - Any offer, sale and purchase of this Product must be in compliance with the law of the relevant EEA jurisdiction. Any public offer of this Product within a EEA jurisdiction that has implemented the EU Prospectus Directive (EUPD) shall only be possible if compliant with the requirements of the EUPD.

If the prospectus is either not notified to or the Final Terms are not filed with the relevant Financial Supervisory Authority it DOES NOT QUALIFY as a prospectus published in accordance with the requirements of the EUPD and until a prospectus has been published in accordance with the requirements of the EUPD, this Product may not be offered or sold in EEA jurisdictions that have implemented the EUPD other than 1) in minimum denominations of, or total consideration per investor of at least, EUR 50,000 (or equivalent in other currencies) or 2) only to Qualified Investors; and/or (aggregated for all distributors) to less than 100 offerees that are not Qualified Investors per EEA jurisdiction. A "Qualified Investor" is a legal entity that (i) is authorised or regulated to operate in the financial markets or has the sole purpose to invest in securities; or (ii) meets two of the following three criteria (as shown in its last annual or consolidated accounts): (a) an average number of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43,000,000; and (c) an annual net turnover of more than EUR 50,000,000.

Hong Kong - This Product may not be offered or sold in Hong Kong.

Singapore - This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this Product may not be circulated or distributed, nor may this Product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Cap. 289) of

Singapore ("SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where this Product is subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the securities under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

UK - For the purposes of non-discretionary accounts, this Product should not be sold with a consideration of less than 50,000 EUR or equivalent.

USA - This Product may not be sold or offered within the United States or to U.S. persons, the foregoing shall not, however, prohibit sales to U.S. offices of UBS AG.

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