

15 Year Cap Warrant on 3m EURIBOR

Libor CAP Warrant

Issued by UBS AG, through its London Branch

Warrant

SVSP Product Type: Warrant (2100)

Valor: 12196079 ISIN: CH0121960790



Final Termsheet

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.

1. Description of the Product

Information on Underlying

Underlying	3 month EURIBOR
	Whereby: Reuters Page EURIBOR01 or any successor or replacement page.

Product Details

Security Numbers	ISIN: CH0121960790	WKN: UB5JSV
	Valor: 12196079	Common Code: 059504088
SIX Symbol	UBRUA	
Issue Size	100,000 units	
Nominal	EUR 1,000	
Issue Price	EUR 81.50 per unit (subject to market conditions)	
Strike	4.50%	
Current Level of Underlying	1.0890%	
Settlement Currency	EUR	
Payments per Product	If, on any Fixing Date the Underlying fixes above the Strike the Investor is entitled to receive an amount calculated by the Calculation Agent as follows: Max(0, Reference Level – Strike) x Nominal x Day Count Fraction The amount specified above will be paid to the holder of the product as per the succeeding Payment Date. The amount paid will be rounded to the nearest currency unit.	
Reference Level	The level of the Underlying on each Fixing Date as calculated by the Calculation Agent by reference to the official fixing levels of the Underlying.	
Fixing Date	The Reference Level is fixed 2 Business Days prior to the start of the relevant Calculation Period. The first Fixing Date is 2 Business Days prior to the Issue Date.	
Calculation Period	The initial Calculation Period will be the period from and including the Issue Date to but excluding the subsequent Payment Date. Each subsequent Calculation Period will be the	

Contact: UBS AG, P.O. Box, 8098 Zurich

Internet: www.ubs.com/keyinvest

Private Investors: Please contact your client advisor or send an email to derivatives@ubs.com

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	period between two succeeding Payment Dates, from and including the first Payment Date to but excluding the following Payment Date.
Payment Dates	Payments per Product will be paid quarterly succeeding the Issue Date subject to adjustments in accordance with the Business Day Convention. The last Payment per Product will be paid at the Maturity Date.
Day Count Fraction	Number of Calendar Days in the respective Calculation Period divided by 360. (Act/360)
Business Days	Zurich, London, TARGET
Business Day Convention	Following

Dates

Launch Date	25 February 2011
Issue Date / Payment Date	25 February 2011
Expiration Date	25 February 2026
First SIX Trading Date	01 March 2011
Last Trading Date	18 February 2026
and Trading Expiration Time	17.15 Zurich time
Redemption Date / Maturity Date	25 February 2026

Fixing and Issuer Payment Days: Product Structure

The EUR-denominated Cap Warrant on 3 Month EURIBOR is a product that offers the Investor the possibility to hedge an exposure in the EURIBOR Rate. The Investor will only receive a payment if the Reference Price is higher than the Strike on the relevant Fixing Date. In this case the Investor will receive an amount on the respective Payment Date.

General Information

Issuer	UBS AG, London Branch
Issuer's Rating	Aa3 Moody's / A+ S&P's / A+ Fitch
Lead Manager	UBS Limited
Calculation Agent	UBS AG, Zurich
Principal Paying Agent	UBS AG, Zurich
Listing	Listing on SIX Swiss Exchange, will be applied for
Secondary Market	Daily price indications will be available on http://www.ubs.com/keyinvest as well as on Reuters UBSZCAPWARRANTS. The liquidity of the Product is dependent on the liquidity of the Underlying. (Please note that the Keyinvest website is not available to UK residents)
Minimum Investment	1 unit
Minimum Trading Lot	1 unit
Status	Unsecured / Unsubordinated
Clearing	SIX SIS, Euroclear, Clearstream (registered with SIX SIS AG, in Switzerland, as intermediated securities)
Form of deed	Uncertificated securities
Governing Law / Jurisdiction	Swiss / Zurich

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Product	One Cap Warrant with the given Issue price 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, Austria, Luxembourg.

Tax Treatment Switzerland (subject to ESTV-Ruling)

Swiss Federal Stamp Duty	Secondary market transactions are not subject to Swiss Stamp Duty.
Swiss Federal Income Tax	For private investors the transaction is subject to neither Swiss federal nor cantonal or communal income tax.
Swiss Withholding Tax	The product is not subject to the Swiss Withholding Tax.
EU Savings Tax	For Swiss paying agents, the Product is not subject to the EU Savings Tax.

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 Warrant Programme (Registered with BaFin and EUPD compliant).

Final Terms

This term sheet together with the UBS Structured Warrant Programme ("SWP") and the respective Final Terms shall form the documentation for this Product ("Product Documentation"), and accordingly the term sheet should always be read in conjunction with these documents. The terms "Product" respectively "Investor" as used in this term sheet correspond to the terms "Warrant" respectively "Noteholder"/"Certificateholder" as defined in the SWP.

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 United Kingdom, the respective documents are available on the internet at <http://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, for clients outside United Kingdom, at <http://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.

Furthermore, this Product does not benefit from any depositor protection under Art. 37b under the Swiss Federal Law on Banks and Savings Banks (Banking Act) or other forms of deposit insurance under any other law as might be applicable to this Product.

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	Investors want to participate from a rise of the 3 month EURIBOR Rate above the Strike.
Risk Tolerance	Investors in this Product should be experienced investors familiar with derivative products and interest rate as well as credit markets. Investors should be willing to make an investment that is exposed to the full up- and downside performance of the Underlying.
Profit Potential	The prospective gain is not limited.
Loss Potential	Investors shall be aware that the performance of the Product is linked to the Underlying and subject to a certain leverage which means that a percentage change in the value of the Underlying might cause an increased percentage change in the value of the Product. The Redemption Amount per Product is subject to the volatility of the Underlying i.e. unpredictable changes in the Underlying. If the Reference Price is consistently at or below the Strike Investors will realise total loss of the investment. Investors are also exposed to the Issuer's credit risk. The Products are subject to early redemption for tax reasons in accordance with their terms and on such early redemption the Calculation Agent shall determine the market value of such Products at its discretion.

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.

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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 Final Terms and the base prospectus (Structured Note Programme).

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").

Investors who decide to place an order for subscription or purchase of this Product should note that such orders are binding and that the Investors have no right to withdraw or cancel such orders.

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.

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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 - For EEA jurisdictions (EU member states plus Norway, Iceland and Liechtenstein) that have implemented the EU Prospectus Directive ("EU-PD"), the Product Documentation for this Product DO NOT QUALIFY as a prospectus published in accordance with the requirements of the EU-PD. Unless and until a prospectus has been published in accordance with the requirements of the EU-PD, this Product may not be offered or sold in EEA jurisdictions that have implemented the EU-PD 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.

For EEA jurisdictions that have not implemented the EU-PD, sales must be in compliance with the law of that jurisdiction.

Hong Kong - The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to any offer. If an investor is in any doubt about any of the contents of this document, the investor should obtain independent professional advice.

This is a structured product which involves derivatives. Do not invest in it unless you fully understand and are willing to assume the risks associated with it.

This Product has not been offered and sold, and each purchaser represents and agrees that it will not offer and sell the Product in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy and sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong or to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance. In relation to the issue of this Product, each purchaser represents and agrees that it has not issued and will not issue any advertisement, invitation or document relating to the Product, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Product which is or is intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

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 pursuant to Section 275(1), 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 (as defined in Section 4A of the SFA)) 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 of the trust is an individual who is an accredited investor,
- securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant of an offer made under Section 275 of the SFA except:
- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276 (4)(i)(B) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law; or
 - (4) as specified in Section 276 (7) of the SFA.

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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