

UBS Exchange Traded Tracker (CHF)

Linked to the SMI® Total Return Index

Issued by UBS AG

Cash Settlement, Open-End



The UBS Exchange Traded Tracker (ETT) provides exposure to an index underlying through a single stock exchange transaction and tracks its performance on a one-to-one basis. The UBS-ETT comprises cost efficiency, open-ended index tracking and daily exchange liquidity.

Summary of Final Product Terms

Issuer (Rating)	UBS AG, Zurich (Aa3, A+, A+)
Lead Manager	UBS AG, Zurich (UBS Investment Bank)
Pricing / Launch Date	15.01.2010
Payment Date	22.01.2010
Redemption Date / Tenor	Open ended, subject to being called by the issuer and/or put by the investor
Denomination / Conversion Ratio	100 Units refer to 1 Underlying * 10:1 until 14 November 2013
Issue Price	CHF 1'015.95 (Initial Underlying Level adjusted by the Conversion Ratio of 10:1 on the Pricing Date. With the Conversion Ratio of 100:1 the Issue Price would have been CHF 101.60.)
Settlement	Cash in CHF
Exchange (Symbol)	SIX Swiss Exchange / Scoach (ETSMI)
SVSP Product Name	Tracker Certificate (1300)
Management Fee	0.25% p.a. * * 0.00% p.a. until 15 January 2015
Public Offering in	Switzerland, Germany, Luxembourg, Austria, Spain
Selling Restrictions	USA, US Persons, HK, Singapore, Europe (in EEA jurisdictions min. investment of EUR 50'000 or equivalent unless locally registered). See term sheet for details.
Valor / ISIN	10834741 / CH0108347417

Underlying (Bloomberg)	SMI® Total Return Index (SMIC)
Initial Underlying Level as of Pricing Date	10'159.48
Underlying Description	The SMI® Total Return Index is a capitalization-weighted total return index of the 20 largest and most liquid stocks of the Swiss equity market. Dividends are reinvested continually, and the base date for the index is 30 June 1988.
Index Sponsor	SIX Swiss Exchange
Link to Index Sponsor	http://www.six-swiss-exchange.com

Product Description

The ETT is a structured product belonging to the family of "Performance" and provides full participation in the performance of the underlying taking into account the conversion ratio.

The issuer has the right, but not the obligation, to call the product for early redemption by giving notice to that effect according to the issuer's call right disclosed in the term sheet. The redemption is effective 6 months after the notification of the issuer.

You have an annual right, for the first time on January 15, 2011, to exercise this product according to the investor's exercise right disclosed on the term sheet. The redemption is effective 1 year after the exercise of the investor.

Main benefits at a glance

- Efficient and easy access to the underlying
- The underlying is broadly diversified
- The underlying is a total return index
- Full and unlimited participation in the underlying
- Daily liquidity at the SIX Swiss Exchange under normal market conditions

Main risks at a glance

- You may lose a significant part or all of your capital invested – ETTs are not capital protected
- You are fully exposed to the default risk of the issuer (Issuer risk)

Investment Rationale

ETTs provide easy and efficient access with unlimited participation in the underlying. ETTs allow for simple and flexible trading in the secondary market.

ETTs are not capital protected, and thus you have to be able to bear equity risk with a potential loss amounting to all of your capital invested.

Scenario Analysis

Return on Investment (ROI)

Assumption: Underlying Level 10'159.48 at the time of purchase

Underlying		ROI
Level	Chg%	
20'318.96	+100%	+100%
19'303.01	+90%	+90%
18'287.06	+80%	+80%
17'271.12	+70%	+70%
16'255.17	+60%	+60%
15'239.22	+50%	+50%
14'223.27	+40%	+40%
13'207.32	+30%	+30%
12'191.38	+20%	+20%
11'175.43	+10%	+10%
10'159.48	0%	0%
9'143.53	-10%	-10%
8'127.58	-20%	-20%
7'111.64	-30%	-30%
6'095.69	-40%	-40%
5'079.74	-50%	-50%
4'063.79	-60%	-60%
3'047.84	-70%	-70%
2'031.90	-80%	-80%
1'015.95	-90%	-90%
0.00	-100%	-100%

* Transaction costs and management fee, if any, are not included

Source: UBS AG

Scenario 1: Unlimited Upside Participation

You participate in any positive performance of the underlying from the underlying level prevailing at the time of purchase.

Scenario 2: Full Downside Risk

The product does not protect against negative performance of the underlying. In a worst case scenario the underlying becomes worthless and you could lose all of the money invested.

Suitability

Market View

You expect the underlying to increase over your investment horizon.

You wish to have exposure to CHF. In case the currency of the product is different from your reference currency, the return may increase or decrease as a result of currency fluctuations.

Investment Horizon

Depending on the objective of your investment you might have a short- to medium-term investment horizon.

While the ETT has an unlimited tenor (open end), it can be called by the issuer and/or put by the investor as disclosed in the term sheet.

Risk Tolerance

You are an experienced investor and are familiar with both structured products and equity markets.

You **do not** require predetermined, regular coupon income as your objective is appreciation of assets in the long term.

You **do not** require capital protection and you are conscious of making an investment that is exposed to the full downside of the underlying.

You should hold this product as part of a diversified portfolio and avoid any significant concentration risk in regards to the underlying and/or the issuer.

Risks

Product-Specific Risks

You are aware that you are fully exposed to any decline in the level of the underlying and may lose some or all of your invested capital.

Credit Risk

All structured products are subject to the credit worthiness of the issuer. You bear the credit risk of UBS AG.

Valuation: Should the quality and/or the credit rating of the issuer deteriorate over the life of the investment, the value of the product may be affected. Whilst a fall in value alone would not impact any redemption amount paid on the redemption date, it could affect the proceeds of an early redemption or sale in the secondary market.

Default: You are fully exposed to the default risk of the issuer.

Liquidity / Early Termination

The lead manager intends, but is not obliged, to provide a daily secondary market at the SIX Swiss Exchange / Scoach under normal market conditions. The assessment of normal market conditions and the provision of a secondary market are at the issuer/lead manager's discretion or follow rules of the exchange where listed, in case of listed notes.

By selling in the secondary market you may receive less than the capital invested.

The product may contain terms and conditions that allow the issuer to determine or adjust in its absolute discretion the value of the underlying if certain market disruption events, corporate events or other circumstances affecting normal activities occur (please see term sheet for details). Such terms and conditions may also allow the issuer to close the product at an amount determined by the calculation agent. This early termination amount is usually equivalent to the prevailing mark-to-market value.

Market Risk

The pricing behaviour of the product, including the bid/ask spread, will be influenced not only by the level of the underlying but also by interest rates, volatilities and credit quality of the issuer.

Tax Treatment

UBS does not provide any tax advice for investment products. Tax treatment depends on the individual circumstances of each client and clients must therefore seek their own tax advice from a reputable service provider. The following information only provides a general overview of the potential tax consequences linked to this product. Tax laws and tax doctrine may change, possibly with retroactive effect.

Tax treatment Switzerland

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.

Swiss Stamp Tax

Secondary market transactions are not subject to Swiss stamp duty.

EU Savings Tax

For Swiss paying agents, the product is not subject to the EU Savings tax (TK9).

Tax treatment Germany

A gain resulting from the redemption or the sale of the product as well as recurring or non-recurring income from this product will be subject to the flat rate tax regime ("Abgeltungssteuer") at a flat tax rate of 25% plus 5.5% Solidarity Surcharge thereon and Church Tax (if applicable).

If the product is not redeemed in EUR, the subsequent sale of this currency within 12 months after having received it will be subject to tax under the speculation-tax regime instead of the flat rate taxation regime. If the product is issued in a currency which is not EUR, the purchase of the product could be seen as a sale of this currency, a resulting gain might be subject to tax under the speculation-tax regime.

Please note that the tax treatment depends on the respective personal tax situation and that these rules can be subject to changes.

Tax treatment Luxembourg

EU Savings Tax

For Luxembourg paying agents, the product is not subject to the EU savings tax.

Luxembourg Savings Tax

For Luxembourg paying agents, the product is not subject to the Luxembourg savings tax.

Tax treatment Austria

The positive difference between the redemption amount (sales price) and the issue price constitutes investment income, which is, for a private investor, subject to the withholding tax of 25 % (domestic paying agent) or the special income tax of 25 % (foreign paying agent), as the case may be. The withholding tax is final in case of public offering in legal and actual terms.

EU Savings Tax

Income paid is not subject to EU Savings Tax.

Tax treatment Spain

For Spanish tax resident individual investors the difference between the transfer/redemption price* and the acquisition or subscription value* as well as any paid or accrued interest* shall be considered as income on moveable property subject to a flat tax rate of 21%. In case of Spanish paying agents, such income will be subject to 19% withholding tax, which will be available as a tax credit against the final tax liability.

* each to be converted into EUR at the prevailing exchange rate (if applicable).

Structuring Payment

In order to remunerate UBS for its role as Product distributor, UBS may receive certain fees and/or non-monetary benefits from the product provider. Non-monetary benefits will typically take the form of research, training, education and sales support offered by product providers to our employees. Fees generally represent a discount to or a portion of the issue price of such products or may also represent a portion of the annual management fee and typically are within a range of 0%-2% p.a. (paid as a one-off payment or in instalments).

As the product's issuer/lead manager is UBS, in offering you this product the UBS Group will take the roles of both manufacturer (UBS Investment Bank) and distributor (UBS Wealth Management). Certain ancillary roles, such as those of the custodian and administrator, may also be performed by the UBS Group. This means that in effect, up to 100% of fees charged for the product will remain within the UBS Group and that any distribution fees earned by the distribution entities of the UBS Group represent an intra group reallocation of revenues.

The investor acknowledges that UBS may retain all or part of such fees and/or non-monetary benefits.

Further Information

This product description is for information purposes only. The final terms and conditions have been fixed on the pricing date. Thereafter the price will be subject to market movements. For detailed information about the terms and conditions as well as additional risk information please consult the term sheet, the final terms and the prospectus provided by the issuer in English only.

This product is a structured product, i.e. a combination of two or more financial instruments of which at least one is a derivative. For more information on "structured products" please refer to the brochure "Special Risks in Securities Trading"(CH) or the risk warning documentation provided by UBS in your booking centre. Additional information on UBS Structured Products in general, the various product families as well as risks and opportunities can be found in designated UBS brochures (Subject to local availability).

CH: This product does not represent a participation in any of the collective investment schemes pursuant to Art. 7 et seq. of the Swiss Federal Act on Collective Investment Schemes (CISA) and thus is not subject to the authorisation or supervision of the Swiss Financial Market Supervisory Authority (FINMA). Therefore, investors in this product are not eligible for the specific investor protection under the CISA.

Contact

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Luxembourg: In Luxembourg this document is communicated by UBS (Luxembourg) S.A. whose registered office is at 33a, Avenue J.F. Kennedy, L-1855 Luxembourg, R.C. No B 11142

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