

# EUR Floating Rate Note with Cap and Floor

Linked to EUR 10 year CMS Rate

Issued by UBS AG

10y FRN with Floor at 3.00% and a Cap at 8.00%

SVSP Product Type: Capital Protection with Coupon (1140)

Valor: 11110396 ISIN: CH0111103963



## Final Termsheet

### 1. Description of the Product

#### Information on Underlying

Underlying EUR 10 year Constant Maturity Swap (CMS) Rate as determined by the Calculation Agent by referring to the Reuters Page ISDAFIX2 at 11:00 a.m. Frankfurt time at Interest Rate Fixing.

#### Product Details

##### Security Numbers

**ISIN:** CH0111103963 **WKN:** UB1WB1  
**Valor:** 11110396 **Common Code:** 050742580

Issue Size EUR 10'000'000  
 Specified Denomination / Nominal EUR 1,000 per Product (traded in Nominal)  
 Issue Price 100% of the Specified Denomination (subject to market conditions)  
 Quotation The Products are trading CLEAN. Accrued Interest is NOT included in the secondary market price.  
 Settlement Currency EUR

##### Interest

#### Interest Rate x Specified Denomination x Day Count Fraction

Interest Period	Interest Rate p.a. *	Floor p.a.	Cap p.a.
Year 1 - Year 10	85% * EUR 10 year CMS Rate as defined in the section "Interest Rate Fixing"	3.00% p.a.	8.00% p.a.

\*to be fixed on Trade Date

In each Interest Period the Interest Rate is subject to the **Minimum Interest Rate (Floor)** and to the **Maximum Interest Rate (Cap)**.

Interest Rate Fixing The Interest Rate is fixed in advance, two (2) TARGET Business Days prior to the START of the relevant Interest Period.

#### Dates

Trade Date / Fixing Date 29 April 2010

#### FICC Structured Flow Group

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<b>Product Helpline:</b> +49-69-2179-8989	<b>Internal:</b> 1923-97830	<b>Asia:</b> +65-683-65312 / +65-643-18621

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Subscription Period	17 May 2010 until 25 June 2010, 12 p.m. CET. (Please note that the Subscription Period can be extended or can close earlier.)
Issue Date / Payment Date	30 June 2010
Redemption Date / Maturity Date	30 June 2020
Interest Period	The initial Interest Period will be the period from and including the Issue Date to but excluding the first Interest Payment Date. Each subsequent Interest Period will be the period between two successive Interest Payment Dates, from and including one Interest Payment Date to but excluding the immediately following Interest Payment Date.
Interest Payment Dates	30 June every year, from and including 30 June 2011 to and including 30 June 2020, adjusted as per the Business Day Convention.

### Redemption

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Redemption Amount at Maturity	100% of the Specified Denomination
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### Product Structure

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The 10 year EUR-denominated Floating Rate Note with Cap and Floor offers Investors annual Interest payments. The Interest Rate is linked to the EUR 10 year CMS Rate and is subject to the Minimum Interest Rate (Floor) and to the Maximum Interest Rate (Cap) as specified in the Section "Interest".

### General Information

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Issuer	UBS AG, Jersey Branch
Issuer's Rating	Aa3 Moody's / A+ S&P's / A+ Fitch
Lead Manager	UBS AG, London Branch
Distributor	Deutsche Bank S.A., Belgium
Calculation Agent	UBS AG, London Branch
Principal Paying Agent	UBS AG, Zurich
Listing	No Listing
Secondary Market	Daily price indications will be available on <a href="http://www.ubs.com/keyinvest">http://www.ubs.com/keyinvest</a> (Please note that the Keyinvest website is not available to UK residents)
Business Days	London, TARGET
Day Count Fraction	30/360
Business Day Convention	Modified Following Adjusted
Minimum Investment	EUR 1'000
Minimum Trading Lot	EUR 1'000
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
Product	One Floating Rate Note with Cap and Floor with the given Specified Denomination/Par Value is equivalent to one (1) "Product". "Products"

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wherever used herein shall be construed to mean integral multiples of the same, subject to the Issue Size.

Public Offering

Switzerland, Germany, Spain, Belgium, Luxembourg, Netherlands, United Kingdom, Sweden, Norway, Finland

## Tax Treatment

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Swiss Federal Stamp Duty	Secondary market transactions are subject to Swiss Stamp Duty (TK22).
Swiss Federal Income Tax	For private investors with tax domicile in Switzerland, the coupon payment is subject to Swiss Federal as well as Cantonal and Communal Income Tax.
Swiss Withholding Tax	The product is not subject to the Swiss Withholding Tax.
EU Savings Tax	IN SCOPE: For Swiss paying agents, any guaranteed return in form of a coupon, premium or discount is subject to the EU Savings Tax at payment date, sale or redemption date. The return which is not guaranteed is subject to the EU Savings Tax at time of redemption only (TK1).

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

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**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](mailto:swiss-prospectus@ubs.com)). In addition, 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 at <http://www.ubs.com/keyinvest>.

## Classification

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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

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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 in this Product expect that the Underlying is stable or that it increases. Should the Interest Rate fix below the Minimum Interest Rate, the Interest Rate will amount to the Minimum Interest Rate. Should the Interest Rate fix above the Maximum Interest Rate, the Interest Rate will amount to the Maximum Interest Rate.
Risk Tolerance	Investors in this Product should be familiar with interest rate markets. Although Investors benefit from regular coupon payments, they must be aware that the Interest is exposed to the performance of the Underlying which could be worse than the performance expected at the time of the purchase of this Product. The Product is suitable to Investors that require capital protection on the Redemption Date / Maturity Date.
Profit Potential	The prospective gain is limited to the Interest (Maximum Interest Rate).
Loss Potential	Investors are exposed to the credit risk of the Issuer. Furthermore, the Interest could be as low as the Minimum Interest Rate (Floor) (as defined above) and cannot exceed the Maximum Interest Rate (Cap) (as defined above).

## 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](http://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

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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

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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.

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## Selling Restrictions

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**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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