



Dual Currency Collared Floater (EUR/CHF)

Linked to 3 month CHF LIBOR Rate (Interest Rate) and EUR/CHF Exchange Rate (Principal)

Issued by UBS AG Jersey Branch

5 years CHF Collared Floater with variable redemption linked to EUR/CHF

SVSP Product Type: Reverse Convertible (1220*) Variable Coupon

Valor: 12230140 ISIN: CH0122301408



Traded Terms

1. Description of the Product

Information on Underlying

Underlying Interest Rate	3 month CHF LIBOR Rate as determined by the Calculation Agent by referring to the Reuters Page LIBOR02 at 11:00 a.m. London time at Interest Rate Fixing.
Underlying FX Rate	EUR/CHF defined as the Swiss Franc amount per 1 EUR referring to the Underlying FX Rate at Expiry determined by referring to the Bloomberg Page EURCHF WMCO Curncy on Expiration Date

Product Details

Security Numbers

ISIN:	CH0122301408	WKN:	UB43BD
Valor:	12230140	Common Code:	057427078

Issue Size	CHF 5,000,000
Specified Denomination / Nominal	CHF 1,000 per Product (traded in Nominal)
Issue Price	100% of the Specified Denomination (subject to market conditions)
Principal Currency	CHF
Alternative Currency	EUR
Interest Rate	Interest Rate x Specified Denomination x Day Count Fraction, payable in the Principal Currency

Interest Rate Period	Interest Rate
Year 1	5.00%
Year 2 – 5	3 month CHF LIBOR +0.5% as defined in the section “Interest Rate Fixing”

The Interest Rate is subject to a **Minimum Interest Rate of 1.50% (Floor)**

The Interest Rate is subject to a **Maximum Interest Rate of 5.00% (Cap)**

Interest Rate Fixing	The Interest Rate is fixed in advance, two (2) LONDON business days prior to the start of the relevant Interest Rate Period.
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Contact: UBS AG, P.O. Box, 8098 Zurich
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Conversion Component

Underlying FX Rate defined as the Swiss Franc amount per 1 EUR

Final Spot Fixing	Initial Spot	Strike Level
Expiry	1.2550	1.1500

Final Spot Fixing

The Underlying FX Rate at Expiry determined by referring to the Bloomberg Page **EURCHF WMCO Curncy** on Expiration Date

Dates

Pricing Date	22 December 2010
Subscription Period	31 December 2010 until 14 January 2011, 12 p.m. CET. (Please Note that the Subscription Period can be extended or can close earlier.)
Issue Date / Payment Date	21 January 2011
Expiration Date ("Expiry")	14 January 2016
Redemption Date / Maturity Date	21 January 2016
Interest Rate Period	The Initial Interest Rate Period will be the period from and including the Issue Date to but excluding the first Interest Rate Payment Date. Each subsequent Interest Rate Period will be the period between two successive Interest Rate Payment Dates, from and including one Interest Rate Payment Date to but excluding the immediately following Interest Rate Payment Date.
Interest Rate Payment Dates	21 January, 21 April, 21 July and 21 October every year, from and including 21 April 2011 to and including 21 January 2016, adjusted as per the Business Day Convention.

Redemption

	The Investor is entitled to receive from the Issuer on the Redemption Date a cash amount per Product according to the following scenarios:
Scenario 1	If the Final Spot Fixing is above the Strike Level of Conversion Component, the Investor is repaid in the Principal Currency 100% of the Specified Denomination.
Scenario 2	If the Final Spot Fixing is at or below the Strike Level of the Conversion Component, the Investor is repaid in the Alternative Currency 100% of the Specified Denomination, converted at a rate equivalent to the Strike Level.

Product Structure

The 5 years CHF Collared Floater with variable redemption linked to EUR/CHF offers Investors quarterly Interest Rate payments in the Principal Currency. The Interest Rate is fixed for Year 1 and thereafter linked to the CHF 3 Month Libor Rate and is subject to the Minimum Interest Rate (Floor) and to the Maximum Interest Rate (Cap) as specified in the Section "Interest Rate". The investor bears the risk of being repaid in a currency other than the Principal Currency and in such case buys the exchange rate risk of the Principal Currency vs. the Alternative Currency.

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The investment is not capital protected and is subject to the credit risk of the Issuer.

General Information

Issuer	UBS AG, Jersey Branch
Issuer's Rating	Aa3 Moody's / A+ S&P's / A+ Fitch
Lead Manager	UBS Limited
Calculation Agent	UBS AG, London Branch
Principal Paying Agent	UBS AG, Zurich
Business Days	Zurich, TARGET and London
Day Count Fraction	Act/360
Business Day Convention	Modified Following Adjusted
Status	Unsecured / Unsubordinated
Listing	None
Clearing	SIX SIS, Euroclear, Clearstream (registered with SIX SIS AG in Switzerland as intermediated securities)
Form of deed	Uncertificated Securities
Delivery	Payment against delivery
Governing Law / Jurisdiction	Swiss / Zurich
Product	One Dual Currency Collared Floater with the given Specified Denomination/Par Value 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

Tax Treatment Switzerland

Swiss Federal Stamp Duty	Secondary market transactions are subject to Swiss Stamp Duty (TK22).
Swiss Federal Income Tax	For tax purposes this product is qualified as a combination of an option and a bond with the majority of the return of the bond part consisting of coupon as opposed to discount ("non IUP"). For private Investors with tax domicile in Switzerland, the coupon payment is split in two components: the interest component equal to 3 month CHF LIBOR which is subject to Swiss federal as well as cantonal and communal income tax; the premium component on coupon payments exceeding 3 month CHF Libor is classified as a capital gain.
Swiss Withholding Tax	The product is not subject to the Swiss Withholding Tax.
EU Savings Tax	For Swiss paying agents, the interest component is subject to the EU savings tax (TK6).

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.

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Product Documentation

The Final Terms together with the 'General Terms and Conditions for Structured Products on Structured Currencies and Commodities' ("SCC"), as amended from time to time ("General Terms and Conditions") shall form the entire documentation for this Product ("Product Documentation"), and accordingly the Final Terms should always be read together with the General Terms and Conditions. Definitions used in the Final Terms, but not defined therein shall have the meaning given to them in the General Terms and Conditions. Furthermore, the Final Terms shall serve as and fulfil the requirements of a 'Simplified Prospectus' in accordance with Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). In the event that the Product is listed (see above item 'Listing' under 'General Information'), the Product Documentation will be amended in accordance with the listing requirements of the relevant Exchange.

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 the 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).

2. Prospects of Profits and Losses

Market Expectation

Investors in this Product expect that the Underlying Interest Rate is stable. Should the Underlying Interest Rate fix below the Minimum Interest Rate, the Underlying Interest Rate will amount to the Minimum Interest Rate. Should the Underlying Interest Rate fix above the Maximum Interest Rate, the Underlying Interest Rate will amount to the Maximum Interest Rate.

Investors in this Product additionally expect sideways movements or depreciation in the Principal Currency. Should the Underlying FX Rate fix below the Strike at Expiry, the Investor is repaid in the Alternative Currency and converted at an exchange rate unfavourable compared to the then prevailing market rate of the Principal Currency.

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Risk Tolerance	Investors in this Product should be familiar with interest rate markets and FX 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 not suitable to Investors that require capital protection on the Redemption Date / Maturity Date.
Profit Potential	The prospective gain is limited to the Interest and is capped at the level of the Maximum Interest Rate.
Loss Potential	Investors are exposed to the credit risk of the Issuer. On the Redemption Date, there is a conversion risk of the invested amount being converted at a rate worse than the then prevailing market rate, resulting in a possible loss of capital. Furthermore, the Interest could be as low as the Minimum Interest Rate (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) 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. 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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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.

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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.

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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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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.

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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.

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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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