



Open End PERLES

Linked to UBS Key Calls - Europe Investable Net Total Return Index
Issued by UBS AG



Cash settled
SSPA/EUSIPA Product Type: Tracker Certificates (1300)
Valor: 11877105

Final Terms

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(s)	Initial Underlying Level
UBS Key Calls - Europe Investable Net Total Return Index (Bloomberg: UBCIKCE Index)	101.54

Index Description

The UBS Key Calls represent the highest conviction single stock research ideas and is a core product within UBS Research franchise. The list is maintained as a joint venture between UBS Equity Strategists, single-stock Research Analysts and Research Product Managers. The UBS Key Calls - Europe Investable Net Total Return Index is a dynamically rebalanced basket of the UBS European Key Calls, offering exposure to the underlying stocks, while limiting any potential impact of individual stock liquidity. Stocks comprised in the relevant portfolio are crossed into EUR. Net dividends are reinvested into the index constituents at rebalance dates, proportionally to their weightings.

Product Details

Security Numbers	Valor: 11877105 / ISIN: DE000UB6KCE6 / WKN: UB6KCE
Issue Size	Up to 50'000 Units (with reopening clause)
Issue Price	EUR 100
Risk Management Fee	1.25% p.a. (calculated and deducted per calendar day in arrears). The Risk Management Fee is deducted by multiplication with a Risk Management Factor ("RMF"), where the RMF is calculated as described below.
Settlement Currency	EUR

Dates

Launch Date	14 January 2011
Pricing Date ("Pricing")	13 January 2011 (Closing)
Issue Date / Payment Date	18 January 2011
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).
Closing Date (for Swiss tax purposes)	1 January, for the first time 1 January 2012

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

Institutional Investors: 41-44-239 68 00*
Private Investors: derivatives@ubs.com

Internet: www.ubs.com/keyinvest

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Certificate Value

Certificate Value in EUR on the Effective Exercise Date

$$\text{Certificate Value (t)} = \text{Euro } 100 * \frac{\text{Index (t)}}{\text{Index (0)}} * \text{RMF}$$

With:

Index (0) : Closing price of the Index on the Fixing Date

Index (t) : Closing price of the Index on the Effective Exercise Date

Risk Management Factor (RMF) The Risk Management Factor is calculated as follows:

$$1 - \left(\frac{0.0125 * n}{360} \right)$$

n = number of calendar days since and including the Fixing Date until and excluding the Valuation Date (calculated on an actual day count basis)

Redemption Amount The Investor is entitled to receive from the Issuer on the Redemption Date the Certificate Value in the Settlement Currency.

Product Structure

The Open End PERLES allows for participation in the performance of the Underlying.

General Information

Issuer	UBS AG, London Branch
Issuer Rating	Aa3 Moody's / A+ S&P's / A+ Fitch
Lead Manager	UBS Limited, London
Calculation Agent	UBS AG, London Branch
Paying Agent	UBS Limited c/o UBS Deutschland AG
Listing	Frankfurt, Stuttgart (Third Section)
Index Sponsor	UBS AG
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	Euroclear, Clearstream Banking AG, Clearstream Banking S.A. (Global Certificate at Clearstream Banking AG)
Form of deed	Global Certificate
Governing Law / Jurisdiction	German Law / Frankfurt am Main
Product	One EUR-denominated Open End PERLES 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, Belgium, Liechtenstein
Issuer Call Right	The Issuer has a right to call the Certificates for early redemption by giving notice to that effect. The Certificates can be terminated at any time and the termination becomes effective after a notice period of 3 months, for the value of the current Redemption Amount. The Valuation Date shall be the Termination Date.

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Investor Exercise Right	The Investor has an annual right to exercise his Certificates on 15 January, for the first time on 15 January 2012, (notice to be received no later than 10:00 am, local time Frankfurt am Main, on the relevant Exercise Date) for the value of the current Redemption Amount 1 year after the Exercise Date. The exercise will become effective as of close of business 1 year after the relevant Exercise Date. The Valuation Date shall be the Effective Exercise Date. If any of the dates mentioned is not an Underlying Calculation Date, the immediately following Underlying Calculation Date shall be the Termination Date or the Exercise Date or the Effective Exercise Date or the Valuation Date.
Effective Exercise Date / Valuation 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 3 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	For Swiss Federal Stamp Duty purpose, the product is treated as analogous to a share/unit in a foreign investment fund. Therefore, primary and secondary market transactions are in principle subject to Swiss Federal Stamp Duty (TK24).
Swiss Federal Income Tax	For private investors with tax domicile in Switzerland this product is treated analogous to a share in a foreign investment fund. The taxable income and capital gains/losses will be kept apart and will be reported to the Swiss Federal Tax Administration annually. Taxable income is subject to Swiss Federal, 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

Base Prospectus Equity (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 Base Prospectus Equity ("BP") 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 "Securityholder" as defined in the BP.

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).

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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 depository 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	The Open End PERLES 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".

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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 Final Terms and the base prospectus (Base Prospectus Equity).

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.

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Index Disclaimer

The mark and name "UBS Key Calls Europe Investable Net Total Return Index" (the "Index") is proprietary to UBS AG ("UBS").

UBS does not make any warranty or representation or guarantee whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figures or levels at which the Index stands at any particular day or otherwise. In addition, UBS gives no assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue the calculation, publication and dissemination of the Index.

No responsibility or liability is accepted by UBS (whether for negligence or otherwise) in respect of the use of and/or reference to the Index by us or any other person in connection with the Certificates, or for any inaccuracies, omissions, mistakes or errors in the computation of the Index (and UBS shall not be obliged to advise any person, including us or any investor, or any error therein) or for any economic or other loss which may be directly or indirectly sustained by us or any investors to the Securities or any other persons dealing with the Certificates as a result thereof and no claims, actions or legal proceedings may be brought against UBS (including any of its subsidiaries or affiliates) in any manner whatsoever by any investor or other person dealing with the Certificates. Any investor or other person dealing with the Certificates does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on UBS.

For avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any investor other person and UBS and must not be construed to have created such relationship.

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 - 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.

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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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