

The Final Terms dated 7 April 2010

UBS AG, acting through its London Branch

**Issue of EUR 1,250,000,000 Series 2010-2 4.00 per cent. Covered Bonds due 2022
irrevocably and unconditionally guaranteed as to payment of principal and interest by UBS
Hypotheke AG
under the Covered Bond Programme**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Covered Bonds. Accordingly any person making or intending to make an offer of the Covered Bonds may only do so:

- (i) in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 36 of Part A below, provided such person is one of the persons mentioned in Paragraph 36 of Part A below.

Neither the Issuer, nor the Guarantor or any Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in any other circumstances.

Any person (an **Investor**) intending to acquire or acquiring any Covered Bonds from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for the Base Prospectus (as defined below) only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus as for the purposes of Article 6 of the Prospectus Directive in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice.

An Investor intending to acquire or acquiring any Covered Bonds from an Offeror will do so, and offers and sales of the Covered Bonds to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors in connection with the offer or sale of the Covered Bonds and, accordingly, these Final Terms will not contain such information and an Investor must obtain such information from the Offeror. Subject as provided above, neither the Issuer nor any of its affiliates shall have any responsibility to an Investor in respect of such information.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the base prospectus dated 23 September 2009 as supplemented by the supplemental base prospectuses dated 20 November 2009, 2 March 2010 and 26 March 2010 which together constitute a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus as so supplemented.

Full information on the Issuer, the Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at (www.financialregulator.ie) and copies may be obtained from the offices of the Paying Agents, The Bank of New York Mellon, acting through its London branch, One Canada Square, London E14 5AL, United Kingdom, The Bank of New York Mellon (Ireland) Limited, Fourth Floor, Hanover Building, Windmill Lane, Dublin 2, Ireland and The Bank of New York Mellon (Luxembourg) S.A., Aerogolf Center, 1A Hoehnhof, L-1736 Senningerberg, Luxembourg and are available at UBS Investment Bank, a division of UBS AG, and can be ordered by telephone (+41 44 239 47 03), fax (+41 44 239 21 11) or by e-mail to swiss-prospectus@ubs.com.

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| (1) | (a) | Issuer: | UBS AG, acting through its London Branch |
| | (b) | Guarantor: | UBS Hypotheken AG |
| (2) | (a) | Series Number: | 2010-2 |
| | (b) | Tranche Number: | 1 |
| (3) | | Specified Currency or Currencies: | Euro (EUR) |
| (4) | | Aggregate Nominal Amount: | |
| | (a) | Series: | EUR 1,250,000,000 |
| | (b) | Tranche: | EUR 1,250,000,000 |
| (5) | (a) | Issue Price: | 99.364 per cent. of the Aggregate Nominal Amount |
| | (b) | Net proceeds: | EUR 1,237,362,500 |
| (6) | (a) | Specified Denominations: | EUR 1,000 |
| | (b) | Calculation Amount: | EUR 1,000 |
| (7) | (a) | Issue Date: | 8 April 2010 |
| | (b) | Interest Commencement Date: | 8 April 2010 |
| (8) | (a) | Final Maturity Date: | 8 April 2022 |

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| (b) | Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Guarantee: | Not Applicable |
| (9) | Interest Basis: | 4.00 per cent. Fixed Rate (further particulars specified below) |
| (10) | Redemption/Payment Basis: | Redemption at par |
| (11) | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| (12) | Put/Call Options: | Not Applicable |
| (13) | (a) Status of the Covered Bonds: | Senior |
| | (b) Status of the Guarantee: | Senior |
| (14) | Method of distribution: | Syndicated |
| PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE | | |
| (15) | Fixed Rate Covered Bond Provisions | Applicable |
| | (a) Rate(s) of Interest: | 4.00 per cent. per annum payable annually |
| | (b) Interest Payment Date(s): | 8 April in each year from and including 8 April 2011 up to and including the Final Maturity Date |
| | (c) Fixed Coupon Amount(s): | EUR 40.00 per Calculation Amount |
| | (d) Broken Amount(s): | Not Applicable |
| | (e) Day Count Fraction: | Actual/Actual (ICMA) |
| | (f) Determination Date(s): | 8 April in each year |
| | (g) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: | Not Applicable |
| (16) | Floating Rate Covered Bond Provisions: | Not Applicable |
| (17) | Zero Coupon Covered Bond Provisions: | Not Applicable |
| (18) | Index Linked Interest Covered Bond/ other variable - linked interest Covered Bond Provisions | Not Applicable |
| (19) | Dual Currency Covered Bond Provisions | Not Applicable |
| (20) | Covered Bond Swap: | Applicable |

- (a) Covered Bond Swap Provider(s): UBS AG, London Branch
- (b) Details of Covered Bond Swaps: See "*Summary of Principal Transaction Documents – Swap Agreement – Covered Bonds Swaps*" in Base Prospectus.

PROVISIONS RELATING TO REDEMPTION

- (21) Issuer Call: Not Applicable
- (22) Investor Put: Not Applicable
- (23) Final Redemption Amount: EUR 1,000 per Calculation Amount
- (24) Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e) (*Redemption and Purchase – Early Redemption Amounts*)): EUR 1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- (25) Form of Covered Bonds:
 - (a) Form: Registered Covered Bonds:

Registered Global Covered Bond (registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg) exchangeable for Definitive Registered Covered Bond only upon an Exchange Event.
 - (b) New Global Covered Bond: No
- (26) Additional Financial Centre(s) or other special provisions relating to Payment Days: Not Applicable
- (27) Talons for future Coupons or Receipts to be attached to Definitive Bearer Covered Bonds (and dates on which such Talons mature): No
- (28) Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: Not Applicable

- (29) Details relating to Instalment Covered Bonds:
- (a) Instalment Amount(s): Not Applicable
- (b) Instalment Date(s): Not Applicable
- (30) Redenomination: Not Applicable
- (31) Other final terms: Not Applicable

DISTRIBUTION

- (32) (a) If syndicated, names and addresses of Dealers and underwriting commitments:

Joint Lead Managers

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE
United Kingdom

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

UBS Limited
100 Liverpool Street
London EC2M 2RH
United Kingdom

Unicredit Bank AG
Arabellastrasse 12
D-81925 Munich
Germany

Co-Lead Managers

Banca Akros S.p.A. -Gruppo Banca Popolare di
Milano
Viale Eginardo 29
20149 Milano
Italy

Banco Bilbao Vizcaya Argentaria, S.A.
DCM – Fixed Income Origination
Via de los Poblados, s/n 2a Planta

28033 Madrid
Spain

Banco Santander, S.A.
Ciudad Grupo Santander
Edificio Encinar
Avenida de Cantabria
28660 Boadilla del Monte
Madrid
Spain

Commerzbank Aktiengesellschaft
Kaiserstrasse 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

DZ BANK AG Deutsche Zentral-
Genossenschaftsbank, Frankfurt am Main
Platz der Republik
60265 Frankfurt am Main
Germany

Dexia Banque Internationale à Luxembourg, société
anonyme acting under the name of Dexia Capital
Markets
69 route d'Esch
L-2953 Luxembourg
Luxembourg

Erste Group Bank AG
Graben 21
A-1010 Vienna
Austria

NATIXIS
30 Avenue Pierre Mendès France
75013 Paris
France

Nykredit Bank A/S
Kalvebod Brygge 1-3
DK-1780 Copenhagen V
Denmark

WestLB AG
Herzogstrasse 15
D-40217 Düsseldorf
Germany

(b) Date of Subscription Agreement: 7 April 2010

(c) Stabilising Manager(s) (if any): Not Applicable

(33) If non-syndicated, name and address of Not Applicable

relevant Dealer:

- (34) Total commission and concession: 0.375 per cent. of the Aggregate Nominal Amount
- (35) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA not applicable;
- (36) Non-Exempt Offer
- An offer of the Covered Bonds may be made by parties authorised by the Issuer other than pursuant to Article 3(2) of the Prospectus Directive in Austria, Belgium, France, Germany, Ireland, Luxembourg, The Netherlands, Spain and the United Kingdom (the **Public Offer Jurisdictions**).
- Offers (if any) in any EEA country other than the Public Offer Jurisdictions will only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.
- (37) Additional selling restrictions: Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprises the final terms required for the Covered Bonds described herein to be listed on the Official List and admitted to trading on the Irish Stock Exchange's regulated market pursuant to the Covered Bond Programme of UBS AG, acting through its London Branch.

SIGNIFICANT OR MATERIAL ADVERSE CHANGE STATEMENT

Save as disclosed in the Base Prospectus there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor and no significant change in the financial or trading position of the UBS Group or the Guarantor since, in the case of the Issuer and the UBS Group, 31 December 2009 and, in the case of the Guarantor, its date of incorporation.

RESPONSIBILITY

Each of the Issuer and the Guarantor accepts responsibility for the information contained in these Final Terms. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such information, no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised

Signed on behalf of the Issuer:

By: 

Duly authorised

PETOR HOLIK
DIRECTOR

Signed on behalf of the Guarantor:

By:

Duly authorised



THOMAS VIOLA
MANAGING DIRECTOR

Signed on behalf of the Issuer:


By:

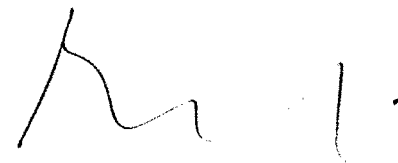
Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised


KARIM HOFMANN
Chairman


MARCO BENETTI
MEMBER

PART B – OTHER INFORMATION

1. LISTING

- (a) Listing: Irish Stock Exchange
- (b) Admission to trading: Application has been made to the Irish Stock Exchange for the Covered Bonds to be admitted to the Official List and trading on its regulated market with effect from 8 April 2010.

2. RATINGS

- Ratings: The Covered Bonds to be issued are expected to be rated:
- Moody's: Aaa
- Fitch: AAA

3. NOTIFICATION

The Irish Financial Services Regulatory Authority has provided the competent authorities of Austria, Belgium, France, Germany, Luxembourg, the Netherlands, Spain and the United Kingdom with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the provisions of the Prospectus Directive and Commission Regulation (EC) No 809/2004.

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

UBS Limited as Joint Lead Manager is a UBS Group Company and a Subsidiary of the Issuer.

Save as discussed in "Transfer Restrictions and Selling Restrictions" and the paragraph above, so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (a) Reasons for the offer: See "*Use of Proceeds*" in the Base Prospectus.
- (b) Estimated net proceeds: EUR 1,237,362,500
- (c) Guarantee Fee: 0.73 per cent. per annum of the nominal Principal Amount Outstanding of the Covered Bonds, calculated on an Actual/360 basis.
- (d) Estimated total expenses: EUR 40,000

6. *Fixed Rate Covered Bonds Only* – YIELD

- Indication of yield: Calculated as 4.068 per cent. on the Issue Date.
- As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. OPERATIONAL INFORMATION

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| ISIN: | XS0500331557 |
| Common Code: | 050033155 |
| New Global Covered Bond intended to be held in a manner which would allow Eurosystem eligibility: | Not Applicable |
| Any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s): | Not Applicable |
| Delivery: | Delivery against payment |
| Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| Disclosure in relation to Swiss statutory rules on bondholder meetings: | Not Applicable |

8. TERMS AND CONDITIONS OF THE OFFER

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| Offer Price: | 99.364 per cent. |
| Conditions to which the offer is subject: | Information will be provided at the time of the sub-offer |
| Description of the application process: | Information will be provided at the time of the sub-offer |
| Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | Information will be provided at the time of the sub-offer |
| Details of the minimum and/or maximum amount of application: | Information will be provided at the time of the sub-offer |
| Details of the method and time limits for paying up and delivering the Covered Bonds: | Information will be provided at the time of the sub-offer |
| Manner in and date on which results of the offer are to be made public: | Information will be provided at the time of the sub-offer |
| Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | Information will be provided at the time of the sub-offer |
| Categories of potential investors to which the Covered Bonds are offered and whether tranche(s) have been reserved for certain countries: | Information will be provided at the time of the sub-offer |

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: Information will be provided at the time of the sub-offer

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: Information will be provided at the time of the sub-offer

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: Information will be provided at the time of the sub-offer

