

**SUPPLEMENTARY PROSPECTUS DATED 4 APRIL 2011 TO
THE BASE PROSPECTUS DATED 22 SEPTEMBER 2010 OF UBS AG**

**for the issue of UBS ETC Notes (the “Notes”) linked to the various UBS Bloomberg Constant
Maturity Commodity Index (“CMCI”) Indices**

This supplementary prospectus (the “**Supplementary Prospectus**”) constitutes a supplementary prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000 (the “**FSMA**”) and Article 16 of Directive 2003/71/EC (the “**Prospectus Directive**”) and should be read in conjunction with the Base Prospectus (the “**Base Prospectus**”) of UBS AG acting through its London Branch as Issuer (the “**Issuer**”) dated 22 September 2010. Terms used in this document, unless otherwise stated, bear the same meanings as in the Base Prospectus. The purpose of this Supplementary Prospectus is to incorporate by reference the published reports and accounts of the Issuer for the periods ending 30 September 2010 and 31 December 2010 and to reflect certain recent developments in relation to the Issuer, in particular, certain changes to its Board of Directors and Group Executive Board and recent developments in legal and arbitration proceedings in which the Issuer is currently involved.

Any prospective investor intending to acquire or acquiring any Notes from any person other than the Issuer (an “**Offeror**”) should be aware that, in the context of an offer to the public as defined in section 102B of FSMA, the Issuer may be responsible to the prospective investor for the Base Prospectus and the Supplementary Prospectus under section 90 of FSMA, only if it has authorised that Offeror to make the offer to the prospective investor. Each prospective investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised, the prospective investor should check with the Offeror whether anyone is responsible for the Base Prospectus and the Supplementary Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the prospective investor is in any doubt about whether it can rely on the Base Prospectus and the Supplementary Prospectus and/or who is responsible for its contents it should take legal advice.

A prospective investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to a prospective investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such prospective investor including as to allocation and pricing arrangements. The Issuer will not be a party to any such arrangements with prospective investors in connection with the offer or sale of the Notes and, accordingly, the Base Prospectus and this Supplementary Prospectus do not and any Final Terms will not contain such information and the Offeror will provide any prospective investor with such information at the time of any offer by the Offeror.

This Supplementary Prospectus has been filed with the Financial Services Authority the (“**FSA**”) and made available to the public in accordance with Rule PR 3.2 of the Prospectus Rules and Articles 14 and 16 of the Prospectus Directive. This document has been approved as a supplementary prospectus by the FSA under Section 87A of the FSMA and Articles 13 and 16 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge and belief of the Issuer, who has taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the second paragraph on this page.

To the extent that there is any inconsistency between (a) any statement in this Supplementary Prospectus or any statement incorporated by reference into the Base Prospectus and (b) any other statement in or incorporated by reference into the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplementary Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Base Prospectus since the publication of the Base Prospectus.

Any person who has agreed with an Offeror to buy or subscribe for Notes prior to publication of this Supplementary Prospectus may, in accordance with section 87Q(4) of the FSMA, withdraw his acceptance

before the end of two working days beginning with the first working day after the day of publication of this Supplementary Prospectus. Accordingly any such person wishing to exercise the statutory withdrawal rights contained in section 87Q of FSMA must do so by lodging a written notice of withdrawal with the appropriate Offeror during normal business hours (or by any other means as may be agreed with the appropriate Offer) so as to be received no later than 6 April 2011. Notice of withdrawal which is deposited or received after such date will not constitute a valid withdrawal.

DOCUMENTS INCORPORATED BY REFERENCE

The following document is incorporated in this document by reference and is available as set out below and at the registered office of the Issuer in like manner as the other documents specified under the heading “Documents incorporated by reference” on page 17 of the Base Prospectus:

the published reports and accounts of the Issuer in the English language for the quarter ended 30 September 2010, which are available on the Issuer’s website at: http://www.ubs.com/1/e/investors/quarterly_reporting.html; and

the published reports and accounts of the Issuer in the English language for the quarter ended 31 December 2010, which are available on the Issuer’s website at: http://www.ups.com/1/e/investors/quarterly_reporting.html

(The references to the UBS website are for information purposes only; the UBS website does not form part of the Supplementary Prospectus).

No documents referred to in any of the above documents are themselves incorporated into this Supplementary Prospectus and accordingly, other than the documents specifically identified above, no other documents (including the contents of any websites referred to in this Supplementary Prospectus) form part of this Supplementary Prospectus for the purposes of the Prospectus Directive or the Prospectus Rules.

SIGNIFICANT NEW INFORMATION

Published third quarter accounts

Since the date of the Base Prospectus, the Issuer has published its reports and accounts in the English language for the quarters ended 30 September 2010 and 31 December 2010 which are incorporated by reference herein as specified under the heading “Documents incorporated by reference” above.

Recent Developments

On 17 November 2010, at its Investor Day 2010, UBS reconfirmed its medium-term targets to be achieved within the three to five year period outlined at Investor Day 2009, and provided an update about progress made and outlined the plans for achieving these medium-term targets. In addition, UBS informed investors that between CHF 15-40 billion of invested assets may be affected by potential changes to European double taxation treaties with Switzerland.

On 3 December 2010, UBS announced that the Board of Directors of UBS AG appointed Tom Naratil as Group Chief Financial Officer and member of the Group Executive Board with effect from 1 June 2011, and Sergio Ermotti as Chairman and CEO of Europe, Middle East and Africa and member of the Group Executive Board, with effect from 1 April 2011.

On 14 February 2011, UBS announced that Sally Bott had resigned with immediate effect from the UBS AG Board of Directors. Helmut Panke will act as ad-interim Chairman of the Human Resources and Compensation Committee, taking over from Sally Bott. UBS will announce in due course whether it will nominate an additional candidate for election to the Board of Directors.

On 8 February 2011, UBS reported a net profit attributable to UBS shareholders of CHF 1,290 million for the fourth quarter 2010, compared with CHF 1,664 million in third quarter 2010, as significantly lower tax credits were recorded than in the previous quarter. Profit before tax was CHF 1,161 million compared with CHF 818 million in the third quarter. This reflects increased client activity across all of UBS's businesses, but was tempered by higher credit loss expenses, own credit losses and increased litigation provisions. UBS's BIS tier 1 capital ratio further strengthened to 17.7% (from 16.7% in third quarter 2010). Risk weighted assets decreased by CHF 9 billion, mainly due to foreign exchange movements. UBS's balance sheet decreased by CHF 143 billion, largely due to changes in replacement values. The FINMA leverage ratio remained stable at 4.4%. In fourth quarter 2010, Wealth Management recorded very small net new money inflows, compared with CHF 1.0 billion in the third quarter; Wealth Management Americas

reported net new money inflows of CHF 3.4 billion, an improvement from CHF 0.3 billion in the third quarter; Global Asset Management reported net new money inflows of CHF 1.0 billion compared with very small net inflows in the prior quarter.

Group Executive Board

Since the date of the Base Prospectus, Philip J. Lofts (formerly Group Chief Risk Officer) has been appointed Chief Executive Officer, UBS Group Americas, Maureen Miskovic has been appointed Group Chief Risk Officer and Robert Wolf (formerly Chairman and Chief Executive Officer, UBS Group Americas / President Investment Bank) has retired.

Legal and Arbitration Proceedings

Further to the information set out at paragraph 6.1(a) of the Base Prospectus, during the fourth quarter several putative actions were filed in Federal District Courts against UBS and numerous other firms. Three former UBS employees were also indicted in connection with the Federal criminal antitrust investigation.

Further to the information set out at paragraph 6.1(b) of the Base Prospectus, during the third quarter, a claimant alleging consequential damages from the illiquidity of auction rate securities was awarded a judgment of approximately USD 80 million by an arbitration panel. UBS has booked a provision of CHF 78 million relating to the case, and has moved in state court to vacate the award, oral argument being heard on that motion in 2010.

In connection with US Department of Justice investigations into the conduct of UBS' cross-border banking services, all of the charges against UBS that had previously been deferred have been dismissed.

Further to the information set out at paragraph 6.1(c) of the Base Prospectus, since the date of the Base Prospectus, because UBS has fully complied with its commitments under the DPA, on 25 October 2010 the Court dismissed all of the previously filed charges that had been deferred under the DPA.

In addition, in March 2010, the Swiss and US governments signed a protocol amending the Swiss-US Government Agreement, and the agreement, as amended by the protocol, was approved by the Swiss Parliament on 17 June 2010. In August 2010, the IRS withdrew with prejudice the Notice of Default it had served on UBS in May 2008 with respect to the Qualified Intermediary Agreement between UBS and the IRS. In recognition of the Swiss Government's commitment to a fixed delivery schedule for the remaining US accounts under the Swiss-US Government Agreement, the IRS withdrew without prejudice the John Doe summons in its entirety on 15 November 2010. This represented the final step to complete the formal, comprehensive resolution of the matter.

UBS has also been named as a defendant in a number of lawsuits relating to its role as underwriter and issuer of US residential mortgage-backed securities (RMBS), as generally referred to in paragraph 6.1(e) of the Base Prospectus. Most of these lawsuits are in their early stages.

For several years prior to the crisis in the US residential mortgage loan market, UBS sponsored securitizations of RMBS and was a purchaser and seller of US residential mortgages. A subsidiary of UBS, UBS Real Estate Securities Inc. (UBS RESI), acquired pools of residential mortgage loans from originators and (through an affiliate) deposited them into securitization trusts. In this manner, from 2004 through 2007 UBS RESI sponsored approximately USD 80 billion in RMBS, based on the original principal balances of the securities issued. The overall market for privately issued US RMBS during this period was approximately USD 3.9 trillion.

UBS RESI also sold pools of loans acquired from originators to third-party purchasers. These whole loan sales during the period 2004 through 2007 totalled approximately USD 19 billion in original principal balance.

UBS was not a significant originator of US residential loans. A subsidiary of UBS originated approximately USD 1.5 billion in US residential mortgage loans during the period in which it was active from 2006 to 2008, and securitized less than half of these loans.

When UBS acted as an RMBS sponsor or mortgage seller, it generally made certain representations relating to the characteristics of the underlying loans. In the event of a material breach of these representations, UBS was in most cases contractually obligated to repurchase the loans to which they related or to indemnify certain parties against losses. UBS has been notified by certain institutional purchasers and insurers of mortgage loans and RMBS that possible breaches of representations may entitle the purchasers to require that UBS repurchase the loans or to other relief. UBS has received relatively few repurchase demands and has repurchased only a small fraction of the underlying loans.

In the period from 2006 through 2009, UBS received demands to repurchase loans having an original principal balance of approximately USD 356 million in the aggregate. Of that principal balance of USD 356 million, UBS has repurchased or agreed to repurchase loans accounting for about 5%. Repurchase demands accounting for about 45% were rescinded after rebuttal by UBS. Demands accounting for a further 41% either were rebutted by UBS but not rescinded (and are the subject of ongoing discussions) or were not pursued by the party making the demand. Repurchase demands accounting for about 9% are the subject of ongoing litigation.

In 2010, UBS received demands to repurchase additional loans having an original principal balance of approximately USD 350 million. Of that principal balance of USD 350 million, UBS has agreed to repurchase loans accounting for about 12%, repurchase demands accounting for about 67% have been rebutted by UBS but not rescinded, UBS continues to review repurchase demands accounting for about 15%, and demands accounting for about 6% are being resolved between the repurchase requestor and the originators of the loans. UBS expects that the majority of the underlying loans subject to these 2010 repurchase demands will ultimately not be required to be repurchased.

UBS established by the end of the fourth quarter 2010 a USD 97 million provision based on its best estimate of the loss arising from loan repurchase demands received from 2006 through 2010 to which UBS has agreed, or which UBS has rebutted but which are unresolved, and for certain anticipated loan repurchase demands of which UBS has been informed. It is not yet clear when or to what extent this provision will be utilized in connection with actual repurchases or indemnity payments, because both the submission of anticipated demands and the timing of resolution of such demands are uncertain. UBS nevertheless expects that most of the repurchases and payments related to the demands received in 2010, excluding any that become the subject of litigation, will occur in 2011.

UBS has made indemnity payments in amounts equivalent to 62% of the original principal balance of already-liquidated loans that were the subject of 2010 demands to which UBS agreed. With respect to unliquidated loans that UBS agreed to repurchase in response to demands made in 2010, UBS does not yet have sufficient information to estimate the charge it will recognize upon repurchase. Losses upon repurchase will reflect the estimated value of the loans in question at the time of repurchase as well as, in some cases, partial repayment by the borrowers prior to repurchase. It is not possible to predict future indemnity rates or percentage losses upon repurchase for reasons including timing and market uncertainties as well as possible differences in the characteristics of loans that may be the subject of future demands compared to those that have been the subject of past demands.

In most instances in which UBS would be required to repurchase loans or indemnify against losses due to misrepresentations, UBS would be able to assert demands against third-party loan originators who provided representations when selling the related loans to UBS. However, many of these third parties are insolvent or no longer exist. UBS estimates that, of the total original principal balance of loans sold or securitized by UBS from 2004 through 2007, less than 50% was purchased from third-party originators that remain solvent. In respect of loans that UBS has agreed to repurchase pursuant to demands received in 2010, UBS has in turn asserted indemnity or repurchase demands against third parties for loans with an aggregate original principal balance of USD 29 million. Only a small number of UBS' demands have been resolved, and UBS has not recognized any asset in respect of the unresolved demands.

UBS cannot reliably estimate the level of future repurchase demands, and does not know whether its past success rate in rebutting such demands will be a good predictor of future success. UBS also cannot reliably estimate the timing of any such demands.

Further to the information set out at paragraph 6.1(h) of the Base Prospectus, in the US, a claim was filed in November 2010 against 23 defendants including UBS entities, the Luxembourg and offshore funds

concerned and various individuals, including current and former UBS employees. The total amount claimed against all defendants is not less than USD 2 billion. A second claim was filed in December 2010 against 16 defendants including UBS entities and the Luxembourg fund concerned. The total amount claimed against all defendants is not less than USD 55 million. To date, no claim has been filed in Germany.

Further to the information set out at paragraph 6.1(j) of the Base Prospectus, the proceedings issued by UBS in April 2010 in the English High Court against two bank swap counterparties are currently stayed. It is also reported that in January 2011, the former managing director of KWL and two financial advisers were convicted on criminal charges related to certain KWL transactions, including swap transactions with UBS and other banks.

HSH Nordbank AG (HSH) has filed an action against UBS in New York State court relating to USD 500 million of notes acquired by HSH in a synthetic collateralised debt obligation (CDO) transaction known as North Street Referenced Linked Notes, 2002-4 Limited (NS4). The notes were linked through a credit default swap between the NS4 issuer and UBS to a reference pool of corporate bonds and asset-backed securities. HSH alleges that UBS knowingly misrepresented the risk in the transaction, sold HSH notes with “embedded losses”, and improperly profited at HSH’s expense by mis-using its right to substitute assets in the reference pool within specified parameters. HSH is seeking USD 500 million in compensatory damages plus pre-judgement interest. The case was initially filed in 2008. Following orders issued in 2008 and 2009, in which the court dismissed most of HSH’s claims and its punitive damages demand and later partially denied a motion to dismiss certain repleaded claims, the claims remaining in the case are for fraud, breach of contract and breach of the implied covenant of good faith and fair dealing. Both sides have appealed the court’s most recent partial dismissal order, and a decision on the appeal is pending.

The SEC has been investigating UBS’ secondary market trading and associated disclosures involving shares of closed-end funds managed by UBS Asset Managers of Puerto Rico, principally in 2008 and 2009. In November 2010, the SEC issued a “Wells notice” to two UBS subsidiaries, advising them that the SEC staff is considering whether to recommend that the SEC bring a civil action against them relating to these matters. UBS believes that the negative financial results, if any, to shareholders of the Funds who traded their shares through UBS during the relevant periods were less than USD 5 million in the aggregate.

The date of this Supplementary Prospectus is 4 April 2011.

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