



d e m i n o r A C T A R E S

Actionariat pour une économie durable
AktionärInnen für nachhaltiges Wirtschaften

Mr. Kaspar Villiger
Chairman of the Board of Directors
UBS AG
Bahnhofstrasse 45
CH-8001 ZURICH

Brussels, 17 September 2010

BY FAX AND BY ORDINARY MAIL

Dear Sir,

We are writing to you in connection with the decision of the board of directors of UBS not to initiate legal actions against former senior executives of the company. This decision was communicated on 15 December 2009.

1. As indicated by numerous reports and investigations into the company's management and financial statements, UBS significantly suffered from mismanagement as well as from an excessive exposure to subprime-related investments. The lack of (timely) disclosure of such exposure was - and still remains - highly questionable and contributed to the bank's difficulties. Furthermore, investors purchased and/or held UBS shares without being informed of the true risk exposure of the company to such investments.

The company has also been involved in several disputes and legal procedures with respect to controversial issues such as its former US cross-border activities for private clients and auction rate securities (ARS). Such disputes severely impacted the company's core businesses which are based on trust and transparency.

UBS found itself on the verge of a collapse which would have led to severe and unprecedented negative consequences for the company, its stakeholders but also for the whole financial industry. As a consequence, the Swiss Confederation and the Swiss National Bank had to rescue the bank, in addition to massive capital increases.

2. UBS shareholders suffered direct losses as illustrated by the stock price evolution during the relevant period of time: from CHF 80.00 in June 2007 to less than CHF 10.00 in March 2009. The share price plunged substantially lower than stock market indices over the same period.

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In addition, the company has not distributed any cash dividend over the last three years and even no dividend at all for the last two years.

The company and its shareholders are far from having recovered even part of their losses and the bank's reputation still suffers from the previous management's legacy.

3. We appreciate the new board and management's commitment to restore the confidence of both clients and investors. Nevertheless, we are of the opinion that you are not sending the appropriate signal by abstaining from taking legal actions against those responsible for those losses. We firmly believe that the board's decision represents a dangerous and unfortunate precedent.

We consider that it is the primary fiduciary duty of the board of directors to take any possible actions against former directors and members of the management whose misconduct and/or negligence caused severe losses to the company and its shareholders.

Such duty is even more obvious since UBS shareholders decided to vote against the discharge for the year 2007 during the last annual general meeting held on 14 April 2010. We would like to stress that this decision of the company's shareholders was taken while they were already aware of the board's opinion as announced in December 2009. In other words, we may conclude that shareholders have decided to overrule the board's previous decision. In this context, a confirmation of your decision not to initiate legal actions would not only be contrary to your most essential fiduciary duties but would also be contrary to your shareholders' decision.

4. Our opinion has recently been confirmed and reinforced by the Control Committees of the Swiss Federal Assembly. In their report ("*The Swiss authorities under the pressure of the financial crisis and the disclosure of UBS customer data to the USA*", 31 May 2010), the Control Committees have clearly reminded UBS of its duties. More specifically, the Committees requested UBS to make sure that, and to create the necessary conditions in order (1) to re-examine the way the subprime crisis and the US cross-border activities were managed internally, including the possibility to file a criminal claim and to launch a civil action for liability, and (2) to provide full transparency on the decision of the board of directors not to launch criminal and civil actions against former UBS directors and officers (Report, p. 319) (we underline).

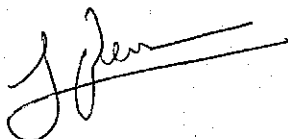
In a subsequent press release of 16 June 2010, the Control Committees reacted to a letter sent by UBS on 4 June 2010 and confirmed that their recommendations were sufficiently clear and did not require further measures in order to be implemented by UBS. The Committees also insisted that those recommendations should be implemented as soon as possible (we underline).

5. Based on the foregoing, we therefore strongly request the board of directors of UBS to publicly confirm by 7 October 2010 that it will reconsider its decision not to initiate legal actions against former directors and members of the management and, further to this confirmation, to rapidly communicate on its final decision.

In the meantime, please note that we reserve all our rights. We also reserve our right to publish this letter.

We remain of course available should you wish to discuss at your earliest convenience.

Yours sincerely,



Guillaume Prache
General Secretary
Euroshareholders



Pierre Nothomb
Partner
Deminor



Roby Tschopp
Director
Actares