

1. As we have previously disclosed, the U.S. Department of Justice and SEC are examining UBS's conduct in relation to cross-border services provided by Swiss-based UBS AG client advisors to U.S. clients during the years 2000-2007. The DOJ is examining whether certain U.S. clients sought, with the assistance of UBS client advisors, to evade their U.S. tax obligations by avoiding restrictions on their securities investments imposed by the Qualified Intermediary agreement UBS entered into with the U.S. Internal Revenue Service. The SEC is examining whether Swiss-based UBS AG client advisors engaged in activities in relation to their U.S.-domiciled clients that triggered an obligation for UBS AG in Switzerland to register with the SEC as a broker-dealer and/or investment advisor.

2. The Qualified Intermediary (QI) agreement, which came into effect in early 2001, allows foreign banks to obtain relief from withholding for their non-U.S. clients under certain circumstances. Among other things, the QI rules require U.S. persons to either declare themselves to U.S. tax authorities by filling out a Form W-9 or to not hold U.S. securities in those accounts. A Qualified Intermediary, such as UBS, has responsibility to ensure I.R.S. reporting and, if required, backup withholding on the types of payments covered within the agreement. The DOJ investigation is focused on, among other things, instances in which U.S. clients set up non-Swiss/non-U.S. off-shore entities in various foreign jurisdictions in order to hold U.S. and other assets with the intent to avoid the QI restrictions and thereby evade their U.S. tax obligations with respect to amounts earned on such assets.

3. UBS is working diligently with both Swiss and U.S. government authorities, consistent with Swiss law and the legal frameworks for intergovernmental cooperation and assistance, to promptly provide information concerning instances in which the establishment and operation of such off-shore entities and their UBS securities accounts appears to have been part of a scheme to defraud U.S. tax authorities.

4. UBS is committed to a fundamental policy of compliance with all applicable laws, rules and regulations, and to our own internal policies, guidelines and procedures.

5. Consistent with this fundamental policy, UBS is treating these investigations with the utmost seriousness and will appropriately and responsibly address and correct any issues raised in the investigations, including taking appropriate disciplinary action.

6. UBS will continue to work with US governmental authorities in an effort to achieve a satisfactory resolution of these matters.

UBS, June 20, 2008