

Thank you for contacting our firm in connection with the liquidity crisis affecting auction rate securities (including auction preferred stock and auction rate certificates) marketed and sold by UBS. The purpose of this communication is to share with you the most recent news we have learned about UBS' offer to repurchase certain of these securities. This update is intended only for persons who wish to receive information from Girard Gibbs LLP Stueve Siegel Hanson LLP, Seeger Weiss LLP and its associated co-counsel. If you are not an intended recipient of this communication, please delete this message. If you do not wish to receive further communications from this firm, please send a return email captioned "Unsubscribe." Please also note that although your communications with us will be kept confidential, no attorney-client relationship has formed and we do not represent you on an individual basis unless you have signed a retention agreement with one of our lawyers.

UBS Announces Settlement With Regulators And Repurchase Offer

On August 8 2008, UBS entered into settlements with the Securities and Exchange Commission ("SEC"), the New York Attorney General, the Massachusetts Securities Division and other state regulators relating to the sale and marketing of auction rate securities by UBS. These settlements, which are not yet final, provide that UBS will repurchase over the next four years certain auction rate securities it marketed and sold to investors.

Last week, UBS began mailing packets of materials to persons and entities eligible to participate in the repurchase program. You may already have received these materials. If not, you should be receiving them soon. If you do not, you should contact your UBS representative immediately.

The materials you will receive include the following documents: (1) an offer letter describing the terms of the repurchase program as it applies to you, (2) the acceptance form you will need to fill out and return to UBS in order to participate, and (3) a copy of the Prospectus filed with the SEC detailing the terms of the repurchase program.

While we provide an overview of the repurchase program and summarize the key terms below, you should review carefully all of the documents sent to you by UBS before making a decision on whether to participate in the repurchase program. Certain provisions contained within these documents may limit your legal rights going forward. Our summary is qualified in its entirety by reference to the description of the repurchase program set out in UBS's documents.

Overview of UBS's Repurchase Offer

Set forth below is a summary of the key terms of the UBS repurchase offer:

1. To qualify for the repurchase program, the offer must be accepted by no later than November 14, 2008, unless UBS or the Court extends that deadline. If you choose to accept the offer, your acceptance must be received by UBS on or before November 14, 2008 in order to be effective.
2. UBS's offer is structured as a rights offering, meaning that auction rate securities holders who accept the settlement offer agree to exchange their securities for the right to put the securities to UBS at par, plus accrued interest. When the holder exercises the right, they will be paid by UBS the par value of the auction rate securities plus any accrued and unpaid interest. The rights are exercisable during different periods, which are set forth below.
3. There are 4 series of auction rate securities rights being offered. These are as follows:

Series A: Applies to individuals and charities with less than \$1 million at UBS who own auction preferred stock or auction rate certificates that were (1) held on February 13, 2008 in a UBS account, or (2) purchased from UBS between October 1, 2007 and February 13, 2008, but transferred to another firm before February 13, 2008. Series A rights are exercisable from October 31, 2008 through January 4, 2011.

Series B: Applies to individuals and charities with more than \$1 million at UBS, all governmental entities, and businesses with less than \$10 million at UBS and total balance sheet assets of less than \$50 million, who own auction preferred stock or auction rate certificates that were (1) held on February 13, 2008 in a UBS account, or (2) purchased from UBS between October 1, 2007 and February 13, 2008, but

transferred to another firm before February 13, 2008. Series B rights are exercisable from January 2, 2009 through January 4, 2011.

Series C: Applies to businesses with more than \$10 million at UBS or total balance sheet assets of more than \$50 million who own auction preferred stock or auction rate certificates that were (1) held on February 13, 2008 in a UBS account, or (2) purchased from UBS between October 1, 2007 and February 13, 2008, but transferred to another firm before February 13, 2008. Series C rights are exercisable from June 30, 2010 through July 2, 2012.

Series G: Applies to anyone who held tax-exempt auction preferred securities in a UBS account as of July 15, 2008, that were not held as of February 13, 2008. Series G rights are exercisable from October 31, 2008 through January 30, 2009.

4. UBS will identify who is eligible for each series and send the appropriate documentation. Holders may be eligible for more than one series.

Key Additional Terms For Series A and Series B Holders

The following key additional terms apply specifically to holders of Series A and Series B rights:

- If you sold your auction rate securities below par after February 13, 2008, UBS will pay you the difference between the sale price and the par value of the securities.
- If you need liquidity prior to the commencement of the exercise period for your Series, UBS will provide you with a no net cost loan of between 75% and 100% of the par value of your auction rate securities, depending on the type of securities you hold and whether you are an individual or a business. No net cost means that the interest on the loan will not exceed the amount of interest you are earning on the auction rate securities you are borrowing against.
- You can participate in the offer from UBS and still participate as a member of the class action to obtain the benefits of any future potential settlement or judgment.
- You can participate in the offer from UBS, participate as a member of the class action and also commence a special proceeding before the Financial Industry Regulatory Authority ("FINRA") if you have individual consequential damages. If you commence a FINRA proceeding, UBS can contest your entitlement to consequential damages and the amount of damages sought, but not its underlying liability.
- If you previously obtained a loan from UBS due to the lack of liquidity of your auction rate securities, and paid an interest rate higher than the interest earned on those securities, UBS will compensate you for the difference.

Key Additional Terms For Series C Holders

The following key additional terms apply specifically to holders of Series C rights:

- If your company sold auction rate securities below par after February 13, 2008, UBS will pay it the difference between the sale price and the par value of the securities.
- If your company needs liquidity prior to the commencement of the exercise period, UBS will provide your company with a no net cost loan of between 75% and 100% of the par value of the auction rate securities held, depending on the type of securities held and the financial condition of your company. No net cost means that the interest on the loan will not exceed the amount of interest earned on the auction rate securities being borrowing against.
- If your company previously obtained a loan from UBS due to the lack of liquidity of its auction rate securities, and paid an interest rate higher than the interest earned on those securities, UBS will compensate it for the difference.

- In order to participate in the settlement, your company must agree to release all claims against UBS, with the exception of consequential damage claims. Consequential damage claims can be contested in full by UBS and there is no special FINRA procedure or presumption of liability, as there is for holders of Series A or Series B rights.

- If your company accepts the offer, it will be prohibited from serving as a class representative in any class action, participating in any class action, or accepting the benefits of any class action settlement or judgment.

- If your company has already commenced litigation or arbitration against UBS, it must be dismissed in order to participate in the offer.

If your company is a Series C holder, you should consult immediately with an attorney, including counsel identified below, before accepting or declining UBS's offer, as this offer will affect your company's legal rights against UBS.

Recent Developments in the UBS Auction Rate Class Action Litigation

On October 15, 2008, we filed a motion with the Court asking that it compel UBS to send a supplemental notice to its auction rate securities investors and extend the deadline to accept the offer from November 14, 2008 to December 15, 2008. In our view, UBS's offering documents omit important information necessary for investors to make an informed choice about whether to accept UBS's offer and its potential effect on class members' legal rights. Specifically, we believe that UBS:

- (1) Fails to inform all class members that our case against UBS is pending;
- (2) Fails to inform Series A and B holders that they may accept UBS's repurchase offer and still participate as class members in the litigation against UBS; and
- (3) Fails to inform Series C holders about the nature and scope of the release of legal rights they must execute to participate in UBS's repurchase offer.

We hope to obtain a ruling on this motion on an expedited basis.

Additional information regarding the status of the ongoing UBS case and investigation is available at www.girardgibbs.com/auctionrate.html. If you have questions, you can reach us by email at auctionrateupdate@girardgibbs.com or contact us at 866-981-4800.

We would like to reiterate our thanks to those of you who have provided information, documents, or other support to us. We welcome your ongoing participation in this matter and urge you to contact us if you have unanswered questions.

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