

SEPTEMBER 18, 2011, 2:20 P.M. ET

Memo from UBS Chief on Trades

Below is the full text of UBS Chief Executive Oswald J. Grübel's memo to staff on losses from unapproved trades at the bank:

Message from Oswald J. Grübel

Further information about the unauthorized trading

Dear colleagues,

I am aware that many of you – like myself and the rest of the management – are shocked and disappointed by the news that we uncovered unauthorized trading by one of our traders in the equities division in London, and that these trading activities have led to a substantial loss for the firm.

So many of you have worked very hard in recent years and have done a tremendous job in rebuilding UBS's reputation. That we now suffer this setback at this point in our efforts to improve our reputation is very disappointing. This incident also sets us back somewhat in our capital-building efforts. However, I wish to remind you that our fundamental strengths as a firm remain intact. Our relative strength, in terms of our capital base, is also unaffected: we remain one of the best capitalized banks in the industry. In today's announcement we made it clear to the market that we have now covered the risk resulting from the unauthorized trading, and that our equities business is again operating normally within its previously defined risk limits.

You can take heart from some of the feedback that I have received from our clients: while expressing their disappointment that this has happened, many have been very positive about their client and financial advisors as well as the manner in which staff in general have handled this difficult period. You can be proud of the strong relationships that you have established with your clients, and I hope that you will continue to build on them.

As you know, there is already an ongoing internal investigation of this incident. The Board of Directors has formed a special committee, and there will also be an independent investigation. The incident was perpetrated by one rogue trader. Unfortunately, the risk of violations of our control framework always exists. Nonetheless, it is not something that we will tolerate. I and the rest of the

firm's management are fully focused on thoroughly investigating this issue, and will do all it takes to determine how this happened and what we need to do to ensure that it does not recur.

Ultimately, the buck stops with me. I and the rest of senior management are responsible for dealing with wrongdoing. I only wish to remind everyone that all of us have a part to play in identifying and reporting wrongful behavior and conduct in the workplace. If you feel uncomfortable about informing your line manager, I urge you to use one of the other available channels for doing so.

We will undoubtedly continue to be confronted with difficult questions from clients over the coming days and weeks, and I appreciate your effort in handling these tough conversations. For this and your many other contributions, I thank you.

Yours

Oswald J. Grübel