

Dear colleagues

We regret to inform you that yesterday we uncovered a case of unauthorized trading by a trader in the Investment Bank. We have reported it to the markets in line with regulatory disclosure obligations. The matter is still being investigated, but we currently estimate the loss on the trades to be around 2 billion US dollars. It is possible that this could lead UBS to report a loss for the third quarter of 2011. No client positions were affected.

We understand that you have already had to contend with unfavorable, volatile markets for some time now. While the news is distressing, it will not change the fundamental strength of our firm.

We urge you to stay focused on your clients, who are counting on you to guide them through these uncertain times.

We want to reassure you that we, together with the rest of the management, are working closely with the Investment Bank's management and risk and controlling to get to the bottom of the matter as quickly as possible, and will spare no effort to establish exactly what has happened. We will keep you updated on the progress of our investigation.

Yours  
The Group Executive Board