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**Re: Recent Bloomberg News Article regarding UBS Financial Services Incorporated of Puerto Rico, UBS Asset Managers of Puerto Rico ("UBS Asset Managers"), a Division of UBS Trust Company of Puerto Rico and UBS Consulting Services of Puerto Rico ("UBS Consulting"), another Division of UBS Trust Company of Puerto Rico**

As you may know, a recent article by Bloomberg News, quoting a professor from a university outside Puerto Rico, criticizes UBS Financial Services Incorporated of Puerto Rico and its affiliates for "conflicts of interest." The article focuses on three different UBS entities and their roles in connection with certain Pension Bonds issued by the Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS");

UBS Financial Services Inc. in its role as underwriter of the Pension Bonds;  
UBS Asset Managers in its role as adviser or co-adviser to mutual funds ("the Funds") that purchased the Pension Bonds; and  
UBS Consulting in its role as investment consultant to ERS

We wish to assure you that UBS and its affiliates have not engaged in any inappropriate conduct in connection with these bonds or the consulting services provided to ERS. You should know that:

UBS Consulting was not involved in the decision to issue the bonds, which was made by ERS and the Government Development Bank for Puerto Rico ("GDB"). UBS did not serve as financial adviser to ERS or GDB in this bond issuance.

GDB made the decision to retain the UBS investment banking group as the lead manager of the Puerto Rico offering of the bonds. UBS Consulting had no part in this decision.

In its role as investment consultant to ERS, UBS Consulting provides advice related to the ERS assets invested in securities. Its services do not relate to advice regarding bond issuances. Possible conflicts relating to the consulting relationship were identified and adequately addressed and managed by the parties at the time the contract between UBS Consulting and ERS was signed.

The decision by UBS Asset Managers to buy the Pension Bonds for the mutual funds was made by them in accordance with their customary criteria and procedures, including guidelines governing transactions between affiliates. Compliance with these guidelines is monitored by the boards of directors of the Funds, a majority of whose members are independent directors not affiliated with UBS, audited by the Funds' external auditors and compliance officers of the Funds and of UBS, and by internal and external counsel.

Puerto Rico investment companies are regulated and audited regularly by the Office of the Commissioner of Financial Institutions of Puerto Rico.

Risks related to the bonds were disclosed to investors by ERS in a detailed disclosure document (known as an "Official Statement").

Puerto Rico investment companies are required to invest at least 2/3 of their assets in Puerto Rico securities. Therefore, the Funds, like all Puerto Rico investment companies, have always been significant buyers of Puerto Rico Government bonds.

UBS remains confident that we have acted appropriately in connection with our consulting agreement with ERS and in connection with these bonds and that the Bloomberg News article did not accurately portray the facts.

Very truly yours,



Miguel A. Ferrer  
Chief Executive Officer

c: Juan G. Herrans, CIMA®  
Managing Director