

## LETTER TO SHAREHOLDERS

The UDC has had several telephone calls from shareholders asking about postcards that they recently received. The postcards were sent by an anonymous person, refer to a website, and ask whether the recipient would like to "get informed" about the Affiliated Ute Citizens (AUC) and the "History of Public Law 671 (The Partition Act)." This letter is intended to address some of the questions the UDC has been asked by shareholders.

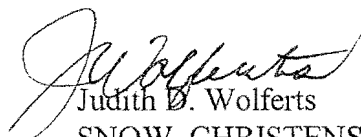
First, the UDC did not send the postcards. Since it is the UDC's practice not to provide shareholder names or addresses to anyone, we assume the person(s) who sent the postcards acquired shareholder information from another source. We are looking into this, including whether any impropriety was involved.

Second, the "History" on the website is a mix of a few basic truths, a large number of false statements, and a lot of wishful thinking, confusion, personal disgruntlement, and inappropriate bad-mouthing of people including members of the UDC's Board of Directors. Most of the arguments which the "History" makes in order to encourage you to rally around were decided against the AUC a long time ago, which the "History" admits. The chance of those decisions being changed now is virtually zero. For example, in 1972, the United States Supreme Court examined the Partition Act and details surrounding it, and stated that the UDC has sole authority to manage jointly-held assets with the Tribal Business Committee, and that the AUC has no authority whatsoever in that area. This means that the statement in the "History" that the UDC and BIA "violated" federal law as to trust funds, is absurd. Other statements in the "History" are equally frivolous, and in some situations have already been rejected by courts.

Third, the "History" would like you to believe that the government will someday step in, take away your shares, and that mixed-bloods will once again be recognized as Tribal members. Again, the chance of this happening is virtually zero. This position frequently is taken by those who sold shares and now regret it, and who now are frustrated and even angry. Many of these same people assume the Tribe would reinstate them to Tribal membership if only all of the undivided assets represented by UDC shares are returned to the Tribe. However, the Tribe controls who is a member of the Tribe, and although the Tribe no doubt would like to obtain all UDC shares and the assets they represent, it is very unlikely that it would ever restore anyone to membership.

Finally, the UDC did not force or require mixed-bloods to sell their shares. In the 1972 case, the Supreme Court stressed that the UDC sent a letter to the bank that was the transfer agent for the shares, asking the bank to "discourage the sale of stock of the Ute Distribution Corporation by any of its stockholders and emphasize and stress to the said stockholders the importance of retaining said stock." The letter went on to say to the bank that "we trust you will impress upon anyone desiring to make a transfer that there is no possible way of determining the true value of this stock." In short, in this as in every other situation, the UDC's Board, both past and present, has acted honorably, honestly, and with concern for everyone that it represents.

We are reluctant to give the "History" any credibility by discussing it, and only do so in order to address questions from shareholders. The sources for this "History" have been making the same or similar arguments for decades with no success, to the point where the patience of the courts and others is exhausted and little or no credibility is given either to these sources or to their the allegations and arguments. We urge those of you who have read the "History" to take it with a grain of salt, and to remember that no court has ever found that the AUC is a "fourth Tribe," and that it is highly unlikely that the courts or Congress will ever find this, or that they will ever undo the Partition Act and the division and distribution of assets in the form of UDC shares.



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