

UBS Files Counterclaims Against Chief Executive Officer, Chief Technology Officer And Former Directors

TORONTO, August 19, 2010 /CNW/ - Unique Broadband Systems, Inc. (“UBS” or the “Corporation”) (TSX Venture: UBS) announces that it has issued Statements of Defence and Counterclaim (the “Defence and Counterclaims”) with the Ontario Superior Court of Justice (the “Court”) in response to the Statements of Claim filed by each of Jolian Investments Limited (“Jolian”) and DOL Technologies Inc. (“DOL”).

As announced on July 13, 2010, UBS was named as a defendant in a claim made by each of Jolian and DOL, the companies controlled by UBS’ former Chief Executive Officer, Gerald McGoey, and former Chief Technology Officer, Alex Dolgonos, respectively. Messrs McGoey and Dolgonos are seeking, among other things, “Restructuring Awards” of \$1.8 million and \$1.53 million, respectively, purportedly awarded to them in fiscal 2009 and \$7.41 million and \$6.015 million in immediate “Termination Payments”, respectively, under the terms of their respective services agreement (“Services Agreement”) with UBS. Mr. McGoey’s claims are in large part based on shareholders not electing him as a director at the special meeting of shareholders held on July 5, 2010. Similarly, Mr. Dolgonos is seeking a declaration from the Court that he was terminated for “good reason following a change-in-control” in UBS under his Services Agreement, in part, as a result of shareholders electing new directors.

UBS has defended Messrs McGoey and Dolgonos’s claims and denies any amounts are owing to them. In its Defence and Counterclaims issued yesterday, UBS states, among other things, that:

- the “Restructuring Awards” were granted without any legal or factual justification;
- the “Restructuring Awards” are unjust, unfair and unreasonable and not in the best interests of UBS;
- the “Restructuring Awards” were granted by the former directors in breach of their statutory and fiduciary duties;
- the exercise of shareholders’ fundamental right to replace a director does not give rise to a “Termination Payment” to Mr. McGoey;
- there was no “good reason following a change-in-control” that purports to give rise to a “Termination Payment” to Mr. Dolgonos;
- the “Termination Payments” are excessive, unjust, unfair and unconscionable and not in the best interests of UBS;
- the “Termination Payments” are not supportable nor justifiable in law; and
- the terms of the Services Agreements that purport to give rise to the “Termination Payments” were agreed to by the former directors in breach of their statutory and fiduciary duties.

In addition, the Defence and Counterclaims include counterclaims against Messrs. McGoey and Dolgonos and certain former directors of UBS. Among other things, UBS is now seeking:

- a declaration that Mr. McGoey and certain former directors exercised their powers in a manner that was oppressive and/or unfairly prejudicial to and/or unfairly disregarded the interests of UBS;
- a declaration that Messrs. McGoey, Dolgonos and certain former directors failed to act honestly and in good faith with a view to the best interests of UBS;
- a declaration that the “Termination Payments” of \$7.41 million and \$6.015 million claimed by Messrs. McGoey and Dolgonos under their Services Agreement are null, void and unenforceable, or alternatively, damages in those amounts;
- a declaration that the \$1.8 million and \$1.53 million in “Restructuring Awards” awarded, but not paid, by UBS to Messrs. McGoey and Dolgonos, respectively, are null, void and unenforceable, or alternatively, damages in those amounts;
- a declaration that the “Restructuring Awards” awarded, but not paid, by UBS to certain former directors are null, void and unenforceable, or alternatively, damages in the amount of the “Restructuring Awards” awarded to them;
- a declaration that, if any or all of the “Restructuring Award” awarded by Look Communications Inc. was validly payable, the \$5.65 million Look “Restructuring Award” paid to Mr. McGoey and the \$3.95 million Look “Restructuring Award” paid to Mr. Dolgonos, are payable to UBS;
- a declaration that \$440,000 in “indemnity payments” paid to the law firms representing certain directors and officers were taken unlawfully, without authority and contrary to their respective indemnity agreements, UBS’ by-laws and the *Business Corporations Act* (Ontario), and an order that the “indemnity payments” be immediately returned to UBS;
- damages in the amount of \$3 million in respect of the former UBS Board decision to redeem for cash the 7% secured convertible debentures issued by Look Communications Inc.; and
- punitive damages in the amount of \$5 million.

All claims by the parties must be proven before the Court.

“UBS regrets the actions of Messrs McGoey and Dolgonos to seek an additional \$13 million from UBS and intends to vigorously defend the claims for the UBS ‘Restructuring Awards’ and ‘Termination Payments’. We also intend to pursue claims against certain other former directors for payments and decisions which we believe were not in UBS’ or its shareholders’ best interests,” said Grant McCutcheon, Chief Executive Officer of UBS.

Forward-Looking Statements

Certain statements contained in this press release constitute forward-looking statements. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to UBS are intended to identify forward-looking statements. Such statements reflect UBS' current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements that may be expressed or implied by such forward-looking statements to vary from those described herein should one or more of these risks or uncertainties materialize. In addition, there can be no assurance with respect to the outcome of litigation. In particular, there can be no assurance that UBS will not be found liable for payments to certain parties in the course of litigation nor can there be any assurance that UBS will be able to recover any of the amounts sought in its counterclaims. Except as required by law, UBS does not assume any obligation to update or revise the forward looking statements contained in this press release to reflect actual events or new circumstances.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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