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NEWS RELEASE

AUCTION RATE SECURITIES SETTLEMENTS SEEN AS POSITIVE STEP

Boise, Idaho … The settlement in principle reached between UBS Securities LLC and UBS Financial Services, Inc. (UBS) and federal and state securities regulators last week preliminarily resolves the Idaho Department of Finance’s investigation of UBS. Department of Finance Director Gavin Gee said Idaho continues to participate in coordinated investigations by state securities regulators of other firms involved in the auction rate securities (ARS) market. The terms of the UBS settlement are attached.

Idaho assisted the lead states of Massachusetts, New York and Texas in the UBS investigation. As a result, the department has developed detailed information about UBS’s Idaho activity. “The magnitude of the ARS problem becomes apparent when one considers that in Idaho, a relatively small state in terms of population, UBS has more than 150 client accounts which hold nearly $75 million in auction rate securities,” Gee said.

“In general, it appears that the imminent meltdown of the ARS markets was known to senior management of UBS and other firms, but not the retail brokers. We view UBS’s decision to step up to solve this significant problem for its clients as a positive development.”

Gee commended work done by the lead states and the North American Securities Administrators Association in coordinating the efforts of so many state regulators to achieve this result for investors.

PROTECTING THE INTEGRITY OF IDAHO FINANCIAL MARKETS SINCE 1905
Individuals, small businesses and institutional investors have suffered financial hardship ranging from the inability to close on home purchases to shortfalls in payroll not only because their ARS holdings were suddenly illiquid, but because they also lost value.

The settlement will provide thousands of UBS clients nationwide with access to billions of dollars in funds that have been frozen in the auction rate securities (ARS) market. Under the terms of the settlement, UBS will buy back, no later than October 31, 2008, all illiquid auction rate securities from all UBS retail customers, including charities, who have less than $1 million on deposit. In addition, no later than January 2, 2009, UBS will buy back all illiquid auction rate securities from all other UBS retail customers, charities, and small to mid-sized businesses. UBS will also:

- Fully reimburse all retail investors who sold their auction rate securities at a discount after the market failed in February 2008;
- Consent to a special, public arbitration procedure to resolve claims of consequential damages suffered by retail investors as a result of not being able to access their funds, in which UBS will not contest its liability for the illiquidity of the auction rate securities and in which UBS will pay all forum fees;
- Undertake to expeditiously provide liquidity solutions to all other institutional investors, with regular progress reports and subject to an outside deadline of June 30, 2010; and
- Reimburse all refinancing fees to municipal issuers who issued auction rate securities through UBS since August 1, 2007, and who refinanced those securities after the market failed.

As part of the settlement, UBS will also pay $150 million in civil penalties to the states.

Citigroup, Inc. entered into a similar settlement with federal and state securities regulators, JP Morgan and Morgan Stanley have entered into settlements with state regulators, and other firms have voluntarily offered to buy back certain auction rate securities.