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FOR IMMEDIATE RELEASE

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BUREAU OF SECURITIES REGULATION RESOLVES AMENDS FILING AGAINST UBS, ALLEGES UBS VIOLATED FIDUCIARY DUTY

Concord, NH (September 9, 2008) - The New Hampshire Bureau of Securities Regulation (the "Bureau") today filed a motion to amend its enforcement action against UBS Securities LLC, alleging that UBS had a fiduciary duty, or a heightened legal obligation, to the New Hampshire Higher Education Loan Corporation (NHHELCO).

The Bureau alleges that UBS' fiduciary duty arose out of its long history of providing advice and sophisticated investment services to NHHELCO, and the corresponding trust and confidence that NHHELCO placed in UBS.

In support of its allegations that a fiduciary duty existed, the Bureau makes reference to UBS' own admission in internal communications that UBS bore a "moral obligation" to issuers of student loans, and that these relationships with issuers were "broad and deep." Similarly, a UBS paper on the student auction rate securities market stated, "UBS has a moral commitment" to support the issuances of student auction rate securities.

According to today's motion, UBS violated its fiduciary duty by omitting to disclose critical information about UBS' concerns for the viability of the student auction rate loan

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market. After misleading NHHELCO, UBS induced NHHELCO to agree to pay the maximum rate for NHHELCO bonds, a step that exposed NHHELCO to significant financial risk if the auction system were to fail. And, shortly thereafter, UBS, in fact, let the auction market fail.

“New Hampshire refuses to accept situations where a firm like UBS encourages a key provider of student loans to trust and rely on its advice, then turns around and acts out of naked self-interest — to the ultimate detriment of New Hampshire students,” said Mark Connolly, Director of the Bureau.

Jeff Spill, Deputy Director of the Bureau said, “This motion underscores UBS’ substantial relationship with an issuer of auction rate securities, the resulting fiduciary duty it owed to the issuer, and UBS’ own acknowledgement of a moral commitment to the issuer.”

The Bureau filed its initial Cease and Desist Order and Staff Petition for Relief against the UBS Securities LLC on August 14, 2008.

NHHELCO was formerly the largest provider of student loans in the state of New Hampshire.

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