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Southern District of New York*

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**FORMER UBS EXECUTIVE SENTENCED TO 78 MONTHS IN PRISON
IN CONNECTION WITH INSIDER TRADING SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that MITCHEL GUTTENBERG, a former executive director in the equity research department of UBS Securities LLC ("UBS"), was sentenced today to 78 months' imprisonment in connection with his participation in a massive insider trading scheme that netted millions of dollars in illegal profits. GUTTENBERG was sentenced in Manhattan federal court by United States District Judge DEBORAH A. BATTS. GUTTENBERG was also ordered to forfeit \$15.81 million, reflecting the proceeds of the insider trading scheme. According to the Indictment and court proceedings:

Between December 2001 and August 2006, GUTTENBERG repeatedly sold to DAVID TAVDY and one other individual material, nonpublic information regarding upcoming upgrades and downgrades in UBS analysts' securities recommendations (the "UBS Inside Information"). Investors, including institutional investors and professional money managers, regularly relied on UBS analysts' ratings of public companies' securities. As a result, changes in UBS analysts' recommendations regarding a particular company's securities were material to investors and often had a direct effect on the trading price of that company's stock.

Before UBS publicly releases its analysts' upgrades and downgrades, they must be reviewed by the UBS Investment Review Committee ("IRC"). GUTTENBERG became a member of the IRC in December 2001 and was entrusted with the UBS Inside Information.

In breach of his duties of trust and confidence to UBS, and in violation of UBS's written policies, GUTTENBERG sold the UBS Inside Information to DAVID TAVDY and one other individual in exchange for hundreds of thousands of dollars. TAVDY and the other individual separately used the UBS Inside Information to

execute hundreds of profitable securities transactions. By using the UBS Inside Information, TAVDY and the other individual earned in excess of \$15 million in illegal profits for themselves and for a series of hedge funds with which the other individual was associated.

The insider trading scheme was executed as follows: When GUTTENBERG communicated that UBS was about to announce an upgrade in its recommendation for a company's stock, the recipient of the UBS Inside Information would purchase the stock. After UBS publicly announced its upgrade, the price of the stock generally would increase. The recipient then would sell the stock to earn a profit. Similarly, when GUTTENBERG communicated that UBS was about to announce a downgrade in its recommendation for a company's stock, the recipient of the UBS inside information would sell the stock short. After UBS publicly announced its downgrade, the price of the stock generally would fall, after which the recipient would purchase the stock that he had sold short to earn a profit.

On February 27, 2008, GUTTENBERG pleaded guilty to two counts of conspiracy to commit securities fraud and four counts of securities fraud in connection with the insider trading scheme.

On February 27, 2008, DAVID TAVDY, GUTTENBERG's co-defendant, pleaded guilty to one count of conspiracy to commit securities fraud and two counts of securities fraud in connection with the insider trading scheme. TAVDY has not yet been sentenced.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the work of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance in the investigation.

Assistant United States Attorney ANDREW L. FISH is in charge of the prosecution.

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