

Contact:Doug Morris 212-882-5684
Michelle Creeden 212-882-5717www.ubs.com**INVESTOR OPTIMISM DROPS SHARPLY TO A FIVE-MONTH LOW****UBS/Gallup Index of Investor Optimism at 63, Down 16 Points From March****More Than Six in Ten Investors Overpaid Taxes Last Year, Expect Refund****Investors Overwhelmingly Find Inheritance Tax Unfair**

NEW YORK, April 24, 2006 – Investor optimism tumbled 16 points this past month and is now at a five-month low, at 63. This year began with a reading of 93 in January, dropping 13 points in February, and remaining steady the next month. The Index had a baseline score of 124 when it was launched in October 1996.

In three key measures, investors showed declining optimism about the U.S. investment climate over the next 12 months:

- Growth: Only 45 percent of investors are optimistic about economic growth, compared with 50 percent in March.
- Stock Market: Confidence in the performance of the stock market also dipped. Last month, more than half of respondents were optimistic about the stock market's performance, but in April that figure has dipped below 50 percent.
- Inflation: Investors also see inflation as increasingly troublesome. In March, only 37 percent of those polled were pessimistic about the impact of inflation on the investment climate; this month that number has risen to 42 percent.

"The recent rise in inflation, driven primarily by the price of oil, has significantly impacted investors' outlook the broader economy and the U.S. investment climate," said Anne Briglia, Director, UBS Wealth Management Research.

Last week was the deadline for filing income taxes, and this month's poll shows that investors are generally positive about several types of taxes they pay. A majority, 54 percent, say the federal income tax is fair, and even larger numbers say both state sales and state income taxes are fair – 67 percent and 62 percent, respectively.

Twenty percent of respondents said that they had to pay the alternative minimum tax. Attitudes about the fairness of this tax correspond to whether respondents had to pay it. Among those who did, 42 percent believe the AMT is an unfair tax, while 31 percent believe it is fair. Those not affected by the AMT are evenly split about the fairness of that tax.

The inheritance tax is the area of taxation most widely believed to be unfair. A clear majority, 58 percent, finds the inheritance tax unfair, compared to just 31 percent who believe it is a fair tax.

Most investors expect to receive money back from the government. Sixty-three percent of all investors say they overpaid taxes last year and anticipate a refund, with 61 percent of these investors expecting a minimum refund of \$500. About one in five investors expects a refund of at least \$3,000.

Just 31 percent of investors receiving refunds say they will be able to save or invest the money, down from 39 percent who did so last year. Thirty-eight percent say they will use the money to pay off their routine bills, up from 32 percent who used their refunds that way last year.

When asked how they prepared their tax returns, a solid majority, 62 percent, say they used a professional tax preparer, while another 18 percent used a software program. Only 12 percent did it the old fashioned way: filling out the tax form manually. Just under half of all investors, 47 percent, filed their returns electronically this year.

These findings are part of the 97th *Index of Investor Optimism*, which was conducted April 1-16, 2006. To track and measure Index changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobe, research director for Gallup, said the sampling included 802 investors randomly selected from across the country. For this study, the American investor is defined as any person who is head of a household or a spouse in any household with total savings and investments of \$10,000 or more. Nearly 40 percent of American households have at least this amount in savings and investments. The sampling error in the results is plus or minus four percentage points.

For more than 60 years, the Gallup Organization has been a recognized leader in the measurement and analysis of people's attitudes, opinions and behavior. While best known for the Gallup Poll, founded in 1935, Gallup's current activities consist largely of providing marketing and management research, advisory services and education to the world's largest corporations and institutions.

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Additional information about the *Index of Investor Optimism* can be found at www.ubs.com/investoroptimism



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UBS Index of Investor Optimism overall trend

	<i>Overall Index</i>
06 March	79
06 February	80
06 January	93
05 December	79
05 November	50
05 October	47
05 September	34
05 August	61
05 July	58
05 June	54
05 May	50
05 April	52
05 March	74
05 February	82
05 January	76
04 December	79
04 November	69
04 October	62
04 September	74
04 August	77
04 July	88
04 June	95
04 May	71
04 April	73
04 March	85
04 February	97
04 January	108
03 December	104
03 November	93
03 October	69
03 September	54
03 August	61
03 July	54
03 June	77
03 May	42
03 April	66
03 March	5
03 February	9

03 January	38
02 December	52
02 November	41
02 October	29
02 September	60
02 August	52
02 July	46
02 June	72
02 May	90
02 April	89
02 March	121
02 February	92
02 January	115
01 December	88
01 November	84
01 October	86
01 September	50
01 August	76
01 July	74
01 June	85
01 May	90
01 April	81
01 March	82
01 February	77
01 January	96
00 December	106
00 November	130
00 October	132
00 September	147
00 August	160
00 July	143
00 June	149
00 May	155
00 April	140
00 March	150
00 February	168
00 January	178
99 December	174
99 November	148
99 October	139
99 September	160
99 August	149
99 July	166
99 June	146
99 May	163
99 April	168
99 March	151
99 February	167
98 December	141



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98 September	147
98 June	160
98 March	161
97 December	151
97 September	151
97 June	152
97 February	128
96 November	125
96 October	124

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