
N E W S R E L E A S E

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PAINE WEBBER GROUP REPORTS ALL-TIME RECORD QUARTERLY EARNINGS

**-- Earnings per share at \$1.16, a 15 percent increase from Q1 1999--
-- Net income rises to \$176.3 million --**

NEW YORK, April 18, 2000 – Paine Webber Group Inc. reported today the strongest quarterly earnings and revenues in the firm's 120-year history. Net income for the period ended March 31, 2000, was \$176.3 million, or \$1.16 per diluted share, an increase of 10 percent from \$160.6 million, or \$1.01 per diluted share, for the first quarter of 1999. Net revenues for the first quarter of 2000 were \$1.6 billion, an increase of 21.5 percent from \$1.3 billion in the corresponding period a year ago.

Return on common equity for the quarter was 23.8 percent. As of March 31, 2000, the firm had total capital of \$8.48 billion.

“We are pleased to report an all-time record quarter of earnings reflecting the accelerating momentum across the firm's businesses, particularly those focused on the affluent investor,” said Donald B. Marron, PaineWebber's chairman and chief executive officer. “Key elements of our retail strategy are to increase distribution and accelerate the gathering of client assets, which has resulted in a 46 percent increase in net new assets flowing into the firm in the first quarter versus one year ago. We expect this trend to continue fueled by the firm's investments in technology to enhance online capabilities and the growth of productive financial advisors.”

Among the records in the quarter are the following, with percentage increases from the first quarter of 1999 in parentheses:

- Net revenues of \$1.6 billion (21.5 percent increase)
- Commission income of \$676.2 million (41.2 percent increase)
- Asset management revenues of \$278.3 million (35.1 percent increase)
- Client assets of \$452.4 billion (23 percent increase)

- Assets under management of \$73.4 billion (16.5 percent increase)
- Wrap fee assets of \$53.9 billion (57 percent increase)
- Recurring fee income, annualized, of \$1.372 billion (31 percent increase)
- Ratio of recurring fees and net margin interest to fixed expenses at 109 percent
- Number of financial advisors at 7,608

The following measurements, which are also records, reflect the continued financial strengthening of the firm:

- Shareholders' equity at \$3.04 billion
- Book value per common share at \$20.95

Among the operational highlights are the following:

- Net new client assets flowing into the firm totaled \$13.8 billion or an average of \$219.5 million per day, as compared to \$9.5 billion or \$155.5 million per day in the first quarter of 1999.
- InsightOne, the firm's asset-based fee account product featuring a host of online services, including unlimited online trading, reached \$12.6 billion in client assets, an increase of \$4.2 billion or 50 percent from year-end 1999.
- PaineWebber EDGE, the firm's Internet-based client services portal, continued to attract assets growing by 18 percent in the first quarter. At the end of the first quarter 208,300 client households subscribed to the EDGE, representing more than \$165 billion in assets, specifically:

	<u>3/31/00</u>	<u>12/31/99</u>	<u>3/31/99</u>	<u>1Q00/1Q99</u>
EDGE Households (000s)	208	176	86	+142%
EDGE Client Assets (\$b)	165	140	74	+124%

- The Municipal Securities Group achieved the No. 2 industry ranking in negotiated senior underwritings.

Strategic International and e-Finance Investments

A key element of the firm's growth strategy is the expansion of client markets and the investment in technology-based companies whose products or services will enhance the business solutions we bring to institutional and individual clients. Among the investments made in the quarter:

- Long Term Credit Bank of Japan - First Japanese bank owned by consortium of foreign institutions provides PaineWebber with access to a large client base of affluent Japanese investors as well as asset securitization opportunities.
- enba plc - First European online banking company offering securities trading, commercial banking and ancillary services, currently operating in UK and Germany. PaineWebber will offer retail investor products to the enba client base.
- MuniGroup.com - Offers PaineWebber clients the ability to trade municipal bonds online and access multiple inventories.
- Charitableway.com - Enables PaineWebber individual and corporate client donors access via the EDGE to a Web-based portal that aggregates charity information and tracks donations.

Paine Webber Group Inc., together with its subsidiaries, serves the investment and capital needs of a worldwide client base. The firm employs 20,008 people in 318 offices.

This news release and more information about Paine Webber Group Inc. can be found on our corporate site on the World Wide Web, www.painewebber.com.

-- Two tables to follow --