

Contact:Karen Connell
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(212) 713-2138**INVESTOR OPTIMISM DIPS IN NOVEMBER OVER CONTINUED ECONOMIC
WOES, UBS PAINWEBBER INDEX SHOWS****-- For First Time, Investors Report Negative Rate of Return on Investments Over Past 12
Months --**

NEW YORK, November 26, 2001 – Optimism declined slightly in November as investors grapple with the effects of the nation’s weakened economy, according to the *Index of Investor Optimism*[®], a joint effort of UBS PaineWebber and the Gallup Organization.

Currently at 117, the overall *Index* decreased 13 points in November from 130 last month. Conducted monthly, the *Index* had a baseline of 100 when it was established in October 1996.

The decline in optimism was most pronounced among average investors, those with \$10,000 - \$100,000 in investable assets, dropping to 97 this month from 115 in October. In contrast, optimism held steady at 153 in November among substantial investors, those with more than \$100,000 in investable assets.

Expectations for short-term return, over the next 12 months, was unchanged at 8.7 percent in November, with little movement among all age and asset levels. However, for the first time in the five-year history of the *Index*, investors report a negative average rate of return on their portfolios, -0.3 percent, over the past year.

In November, approval for the Federal Reserve matched last month’s record high of 89 percent among those investors who report having an opinion about the Board’s current policies. Moreover, 62 percent of those surveyed are confident that the current interest rate levels will have a positive impact on the investment climate.

“Over the next 12 months, we can expect the U.S. economy to show marked signs of recovery resulting from strong actions to stimulate growth by the Federal Reserve and Administration,” said Mary C. Farrell, UBS PaineWebber senior investment strategist. “While the U.S. economy will not begin to realize the cumulative effects of these measures until next year, an improved outlook for earnings in the second quarter should encourage investors to stick with their long-term investment objectives.”

This month, investors were polled about the state of the nation's economy and the impact current conditions will have on their personal finances. Notably, 43 percent of those surveyed report their feelings of financial security are lower today than before September 11, compared with 50 percent who say it is unchanged. Furthermore, the vast majority of investors, 87 percent, believe the U.S. is experiencing an economic slowdown or recession, and 41 percent say the nation's economy will not be as strong a year from now as compared to the economy at the end of the 1990s.

When asked how current economic conditions will impact investors' personal finances over the next six months, nearly one-third, 32 percent, say they will decrease their spending on major purchases, and more than one-quarter, 26 percent, plan to curtail overall expenditures. Average investors are more likely to curb major purchases and general spending, 37 and 30 percent respectively, compared with 24 and 20 percent of substantial investors. Indeed, 46 percent of all investors report they will pay down personal debt, and 36 percent expect to increase savings for the future.

Interestingly, the war on terrorism appears to have limited effect on investors' financial planning, as an overwhelming majority say the state of the economy is a larger influence on their spending levels (86 percent), major purchases (84 percent), debt levels (79 percent), savings (82 percent) and personal income (82 percent). However, not surprisingly, travel planning is significantly impacted by the war on terrorism, as 31 percent report it will affect their decision-making, compared with 55 percent who cite the state of the economy as more influential.

These findings are part of the 43rd *Index of Investor Optimism*, which was conducted from November 1 to November 15. 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 1,003 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 of savings and investments. The sampling error in the results is plus or minus three 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.

UBS PaineWebber Inc., a member of the UBS financial services group, provides investment advice and wealth management services to an affluent client base.

**Additional information about the *Index of Investor Optimism*
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