



Product Day 2005 FX and CCT

Stamford, 12th May 2005
Andy Amschwand, Head of FX
and CCT



Foreign Exchange and Cash & Collateral Trading

Market leader

Unique risk management capabilities

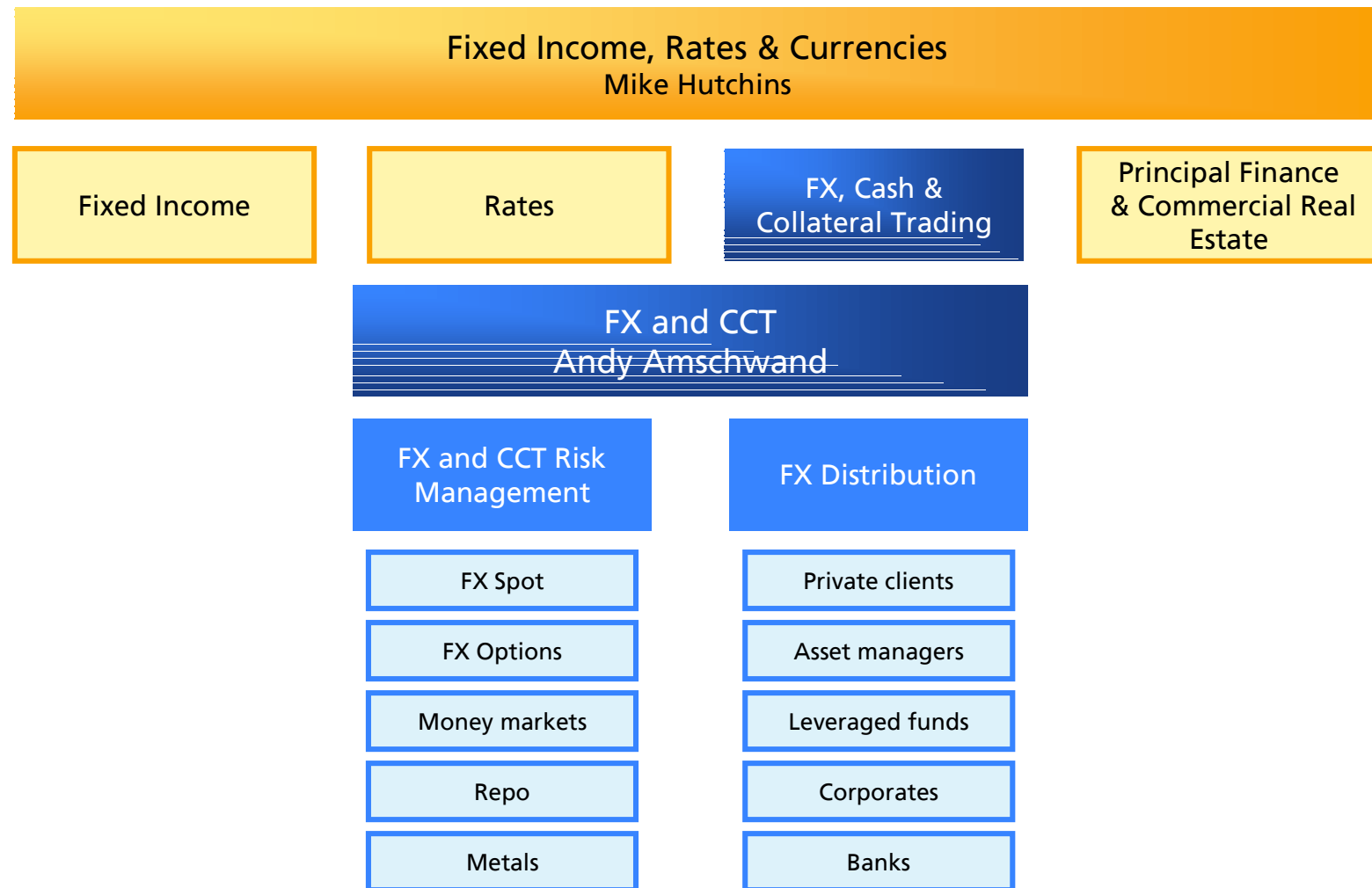
Pre-eminent treasury funding

First rate distribution and services



Organization

Organization



Products and services

Products

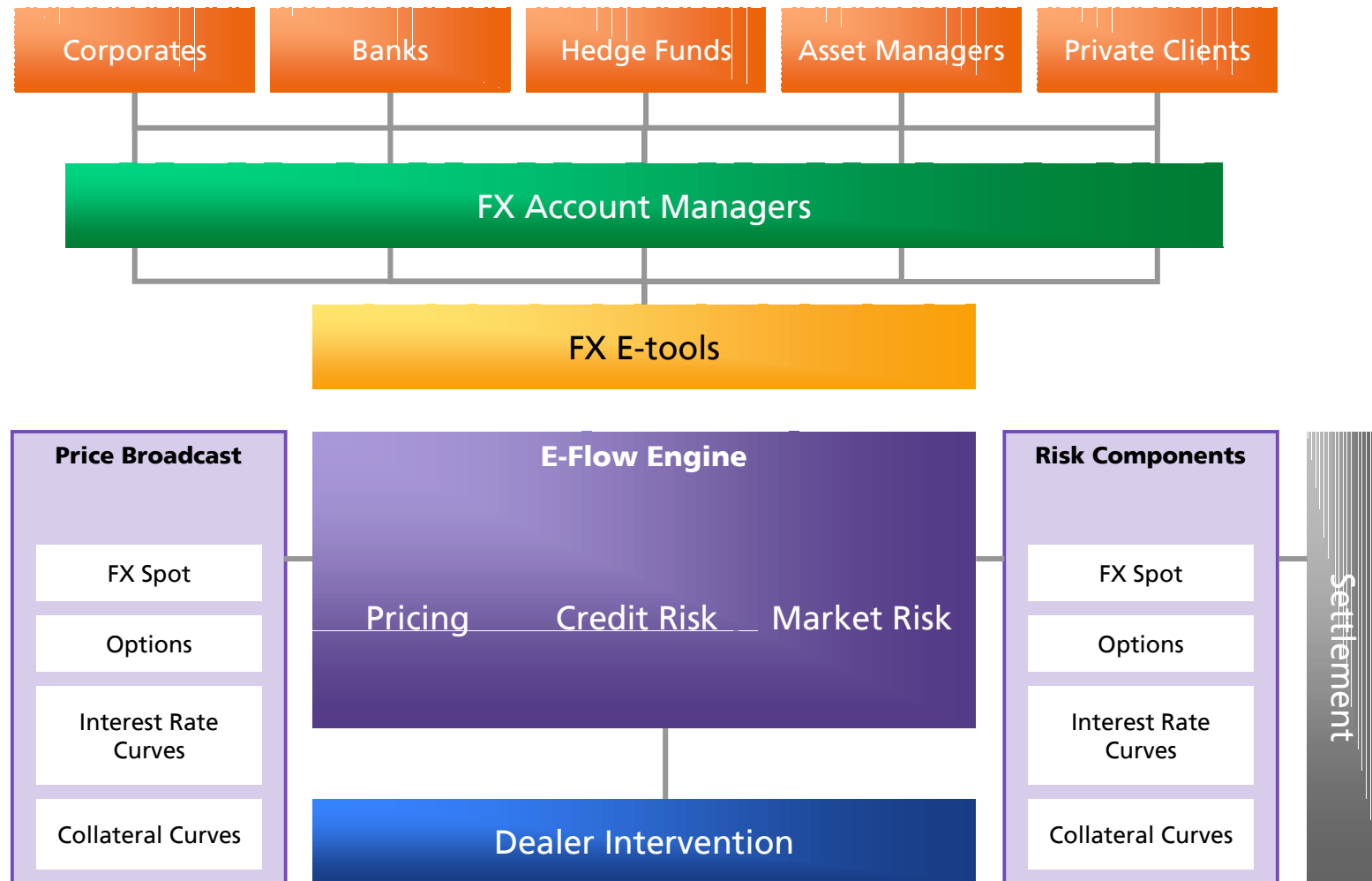
- ◆ Foreign exchange
- ◆ Money markets
- ◆ Repo / Securities lending
- ◆ Metals

Services

- ◆ Prime brokerage
- ◆ Client connectivity
- ◆ Trade processing services
- ◆ White labelling

Business model

Highly automated front to back process allows SCALE



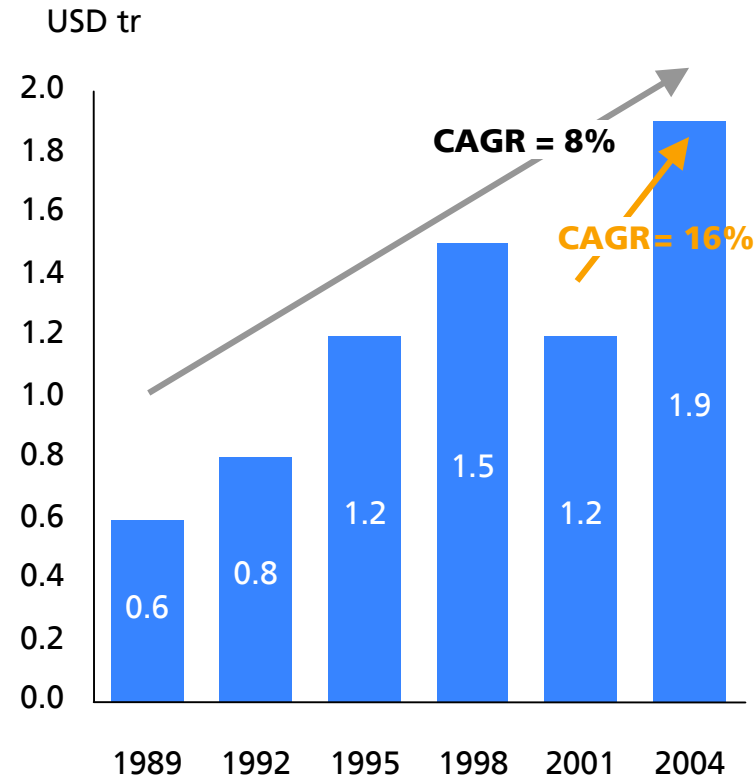


Market Environment

Market growth

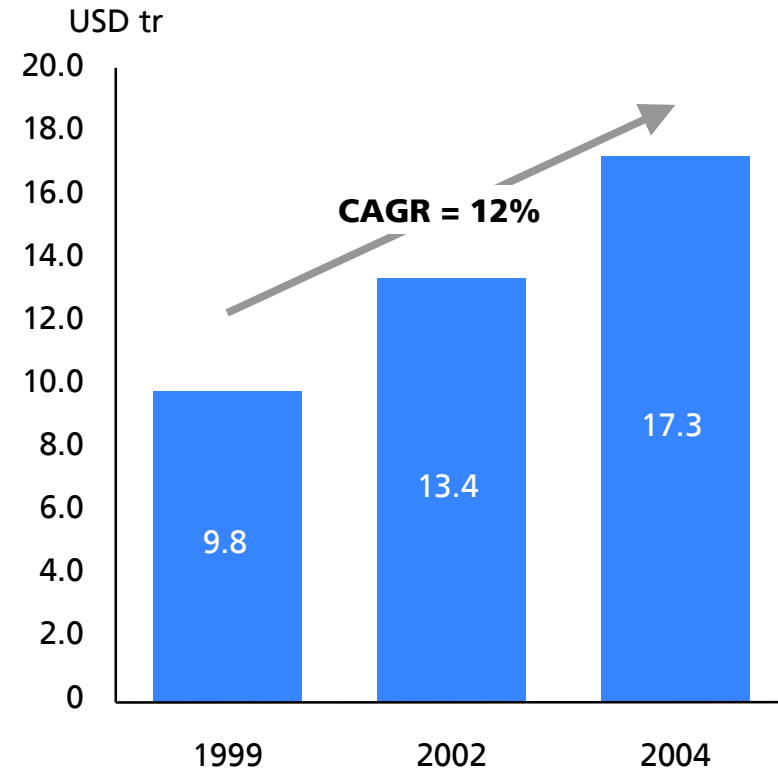
FX

FX daily turnover volumes¹



Collateral trading

International repo market growth² (volumes)

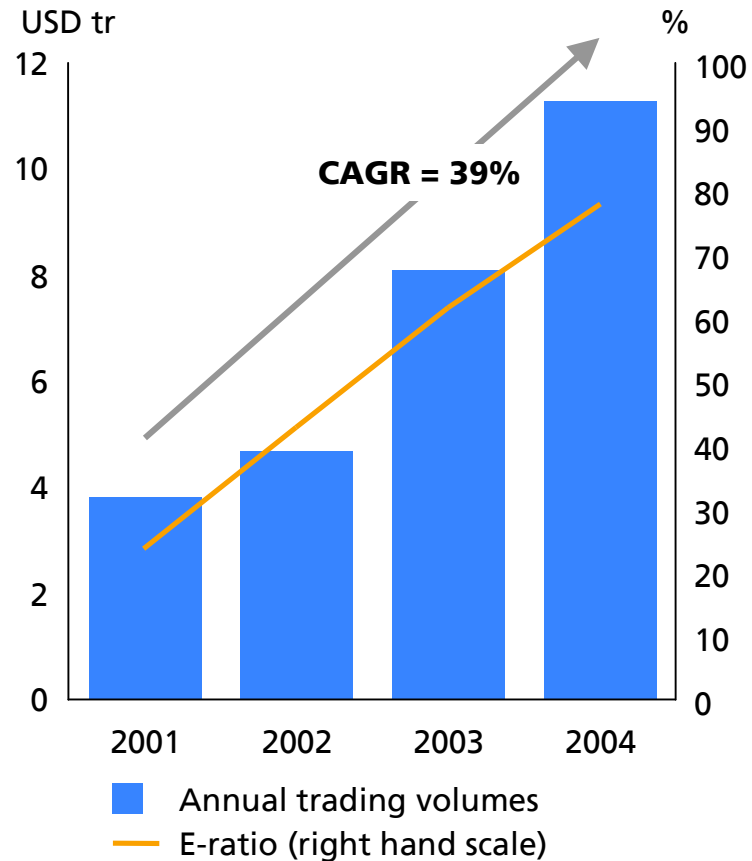


- 1 Source: BIS Tri-annual survey of international FX markets
2 Source: ISMA ERC (European) and BMA (US)

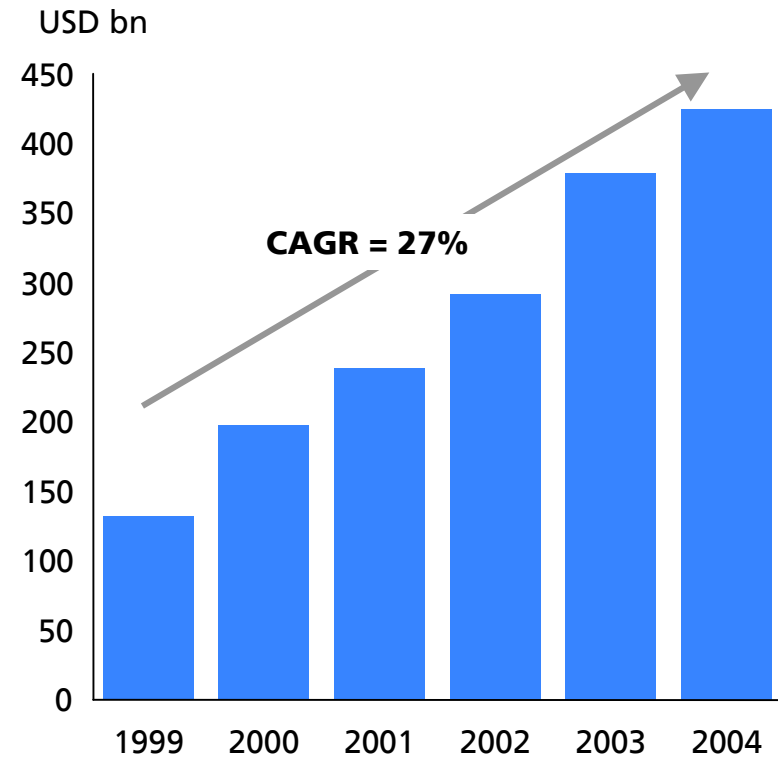
Impact on UBS

UBS is at the forefront of these trends

FX (UBS' FX volumes and e-ratio¹ (%)
2001 - 2004)



Collateral trading (UBS' repo volumes 1999-2004)



¹ Proportion of electronically executed transactions to total transaction volume



Industry Dynamics

Industry dynamics

Forces at work in our industry and their consequences

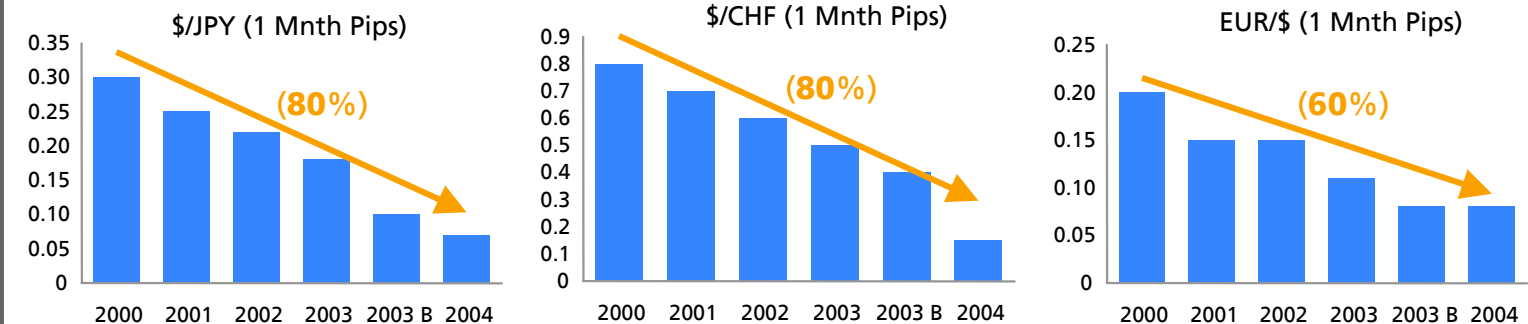
COMMODITISATION

COMPETITION

SCALE

PRICE
TRANSPARENCY

Spread erosion



PRESSURE TO ADJUST BUSINESS MODEL

Strategic options

Get big

Go niche

Get out



UBS Position – The Story of a Turnaround

The FX transformation: 1999 – 2005

1999

- ◆ Perception: Clear exit case
- ◆ Losing money
- ◆ #4 FX bank with market share of 5.0% declining to #7 FX bank with 3.5% market share by end 2000
- ◆ Zero business transacted electronically with external clients
- ◆ Large headcount required on handle business, e.g.:
 - 85 Spot traders
 - 330 Sales people
 - 490 Treasury products operations
- ◆ Trading in 6 different booking names
- ◆ Logistics dispersed across six locations and all time zones

2005

- ◆ Perception: Market leader, having transformed the entire industry
- ◆ Making money
- ◆ #2 FX bank with market share of 12.5%, continuing to grow
- ◆ 70% of UBS transactions with external clients captured electronically
- ◆ Smaller headcount required despite greater volumes, e.g.:
 - 29 Spot traders
 - 280 Sales people
 - 285 Treasury products operations
- ◆ All interbank trading (and 85% of all transactions) in Zurich
- ◆ Logistics concentrated in Zurich and London in central time zone



UBS position

Some of our most recent number 1s

FX



Best overall FX Bank
Euromoney, 2004
The Banker, 2004



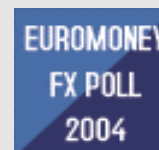
Best Bank in E-FX
Euromoney, 2004



Best Bank in FX Options
Risk Magazine, 2004
The Banker, 2004
Profit & Loss, 2004



Best FX Internet Services
Profit & Loss, 2005



CCT



ANNUAL FIXED INCOME TRADING POLL
(US institutional investors), Nov 2002, 2003 & 2004



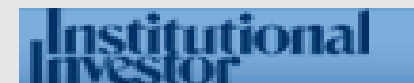
EUROPEAN REPO MARKET SURVEY, #1 Last 4 surveys. Zurich FI
Lending team #1 in Securities Lending section of same survey



INTERNATIONAL SECURITIES LENDERS ASSOCIATION June 2003/2004
Ranked #1 in Utilization of FI Pool Securities vs. Rest of ISLA members



LARGEST INTER-DEALER AUTOMATIC TRADING PLATFORM
Ranked #1 on BrokerTec for all 2002, 2003 and 2004





FXCCT – Initiatives for Growth

Key initiatives

Two main elements of our strategy

Productivity

Market share

Conclusion

We are active in **growth** markets

We are well positioned to **benefit** from industry dynamics

We have led the first wave of industry transformation and are now in **pole position** to lead the next wave

We have a proven track record of **executing** our strategies



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