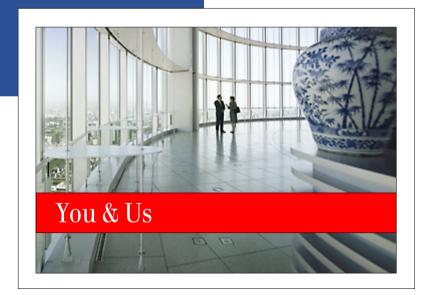


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Progress Over Last 5 Years

Development 2000-2004 (1/2)

- Invested substantially in organic growth and supplemented with add-on acquisitions
- Disposal of non-core businesses
- Transformed risk profile
- Returned CHF 19.9bn through share buybacks
- Returned CHF 12.6bn through dividends
- Maintained premium Tier 1 ratio

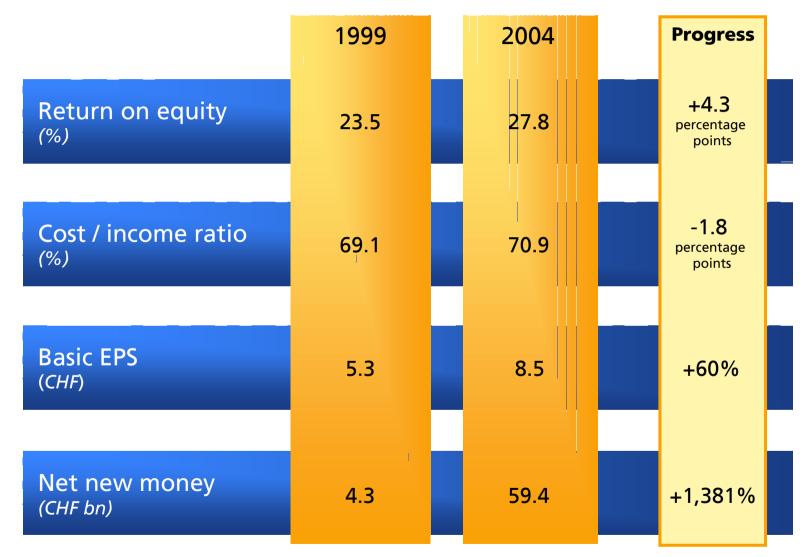


Development 2000-2004 (2/2)

- Industry-leading financial disclosure
- NYSE listing
- Transformed reputation from "accident prone" to "best-in-class"
- Defined and established the "one firm" model



Focus on Group KPIs and shareholder value



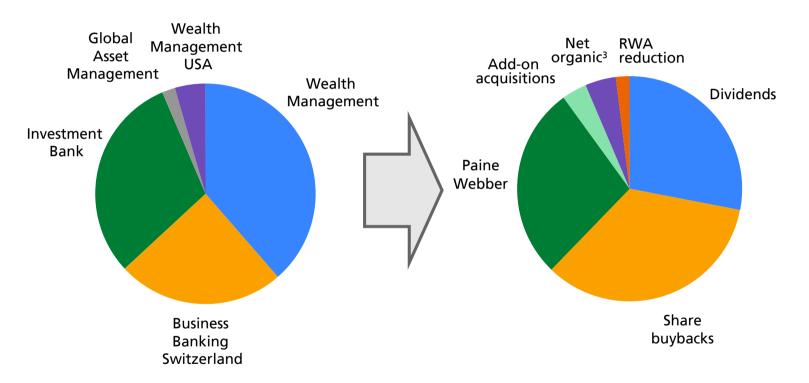


Free equity generation¹ and investment

2000 - 2004



Investment



Note:

- 1 The pie charts serve illustrative purposes only. Free equity in broad terms refers to net profits generated, before goodwill and SFE (for WM-US before acquisition cost), plus changes in required average regulatory equity allocated
- 2 Excludes Corporate Center
- 3 Organic investment less equity released from RWA reduction



Risk-weighted assets transformation

A tale of two halves





Vision 2010

"One firm" – value catalyst

Revenues

- Cross-servicing of clients by leveraging Group expertise
- Innovation by crossleveraging knowhow
- Efficient value chain internalisation

Corporate Center focus

Shared resources

- Branding
- Purchasing power
- Group functions
- ◆ ITI
- Service provision between business groups

Financial management

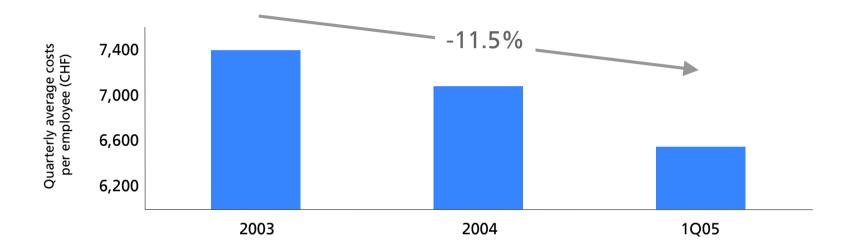
- Group capital synergies
- Pooled treasury
- Funding advantage
- ◆ Tax
- Risk control

15% - 20% of current market cap originates from benefits of the Integrated Business Model



Benefits of Information Technology Initiative

ITI costs per employee significantly reduced since launch



Examples of cost savings

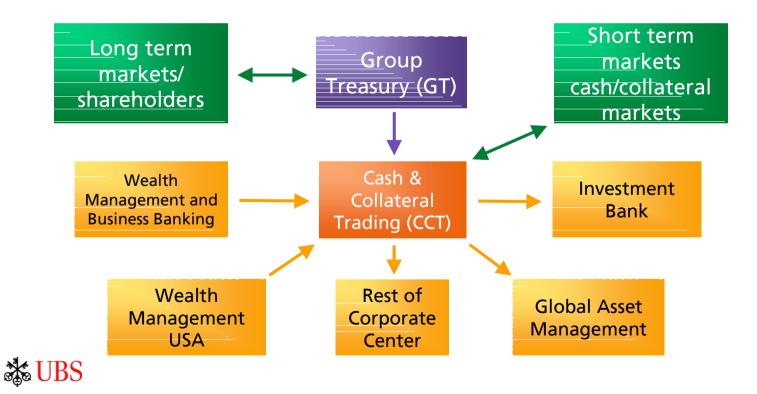
- Optimization of a new mainframe hardware and software environment
- Various telecommunications initiatives
- On-going optimization of workplace service delivery
- Re-negotiation of vendor contracts as well as bulk hardware orders



Central Treasury model

Single face to each market adds tangible value

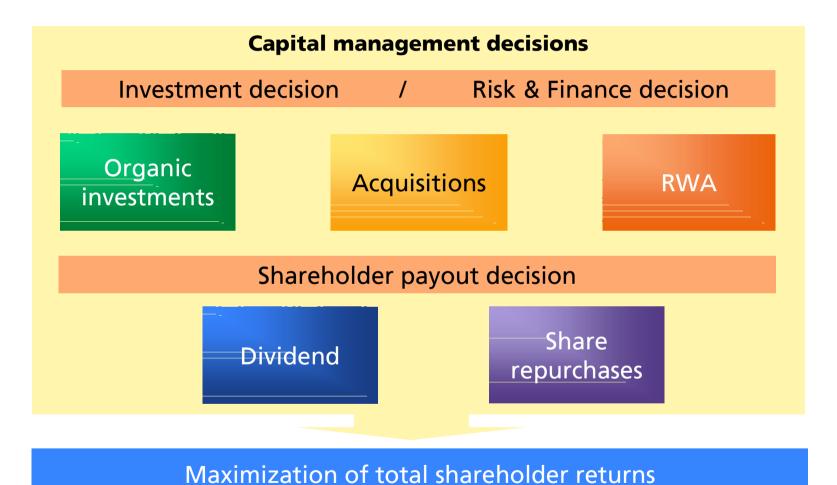
- Interest rate netting
- FX netting
- Funding advantage in long-term and short-term markets
- Liquidity advantage



Capital allocation decisions



Rigorous analysis and governance





Investment decisions



Organic investments

Acquisitions

Responsibilities:

Board of Directors



Group Executive Board



Group Strategic Analysis



Business management

Key decision factors:

- Strategically obvious
- Culturally manageable
- Value enhancing business case:
 DCF valuation using businessspecific cost of equity
- Tangible synergies that can be delivered in the short-term
- Reality check: regret factor
- Impact on KPI's
- Availability of alternatives



Organic investment examples (1)

Investment Banking build in US

Business case

 "Global bulge bracket status" in Investment Banking

Assessment

- Acquisition rejected;
 - target prices too high
 - risk of key staff attrition
- Selective hiring and organic build-up more attractive

Achievements

- Established solidU.S. marketpresence
- 5.3% market share of global fee pool in 2004 (5th) up from 3.8% in 2000 (9th)

Footprint



Organic investment examples (2)

Foreign Exchange re-engineering

Business case

- Unprofitable FX business
- Losing market share
- Decision exit or reposition

Assessment

- Draw-up of a reengineered business model
- Plan with lower cost (less than half per trade) and competitive edge



Achievements

- Global market share from 3.6% in 2001 to 12.4% in 2004
- A third of the original traders now handle 4x more volume
- More than 70 % of trades executed online

Scale



Organic investment examples (3)

European Wealth Management Initiative

Business case

 Positioning in onshore WM markets to capture onshore wealth and protect offshore franchise



Assessment

- No pan-European entity available for acquisition
- Strategic rationale, brand leverage and high-margin nature of business justify above-average investment horizon



Achievements

- Franchise
 established in key 5
 European markets
- CHF 90bn Invested Assets
- Strong NNM inflow (27% annualized growth rate in 1Q05)
- Gaining market share

Franchise



Acquisition examples (1)

Schwab Capital Markets transaction

Business case

- Complement top-5 trading position in US listed stocks with Nasdaq order flow
- Enhance trade execution technology



Assessment

- Organic technology build not fast enough, expensive and risky
- Availability of targets
- Strong synergies and low overlap



Achievements

- U.S. equities footprint expanded
- No.3 in US listed (11.4%)
- No.1 in NASDAQ (10.7%)
- Filled specific technology gaps

Scope



Acquisition examples (2)

Wealth Management add-on acquisitions

Business case

 Acceleration of organic build and platform for EWM



Assessment

- Financially and strategically attractive targets identified
- Culturally manageable (small deals, management on board)



Achievements

- Selective add-on acquisitions boosted UBS's presence
- Strong position in German Ultra HNW segment with Sauerborn
- Laing & Cruickshank doubled size of UK business

Scale



Risk-weighted asset decisions





Responsibilities:

Group Executive Board Risk Sub-Committee



Chief Risk Officer



Business management

Key decision factors:

- Risk-return scenarios
- Reputational risk
- Tail risk and duration
- Liquidity
- Portfolio size and concentration
- Current stress loss limits
- Market conditions
- Capital treatment



Payout decisions





Share repurchases

Responsibilities:

Annual General Meeting



Group Executive Board / Board of Directors



Chief Financial Officer

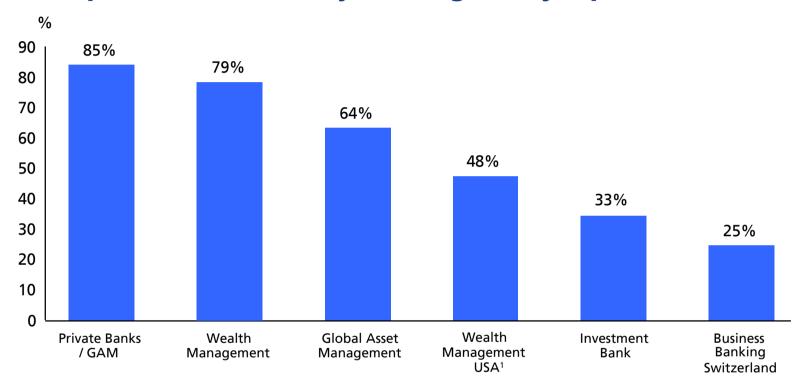
Key decision factors:

- Tier 1 ratio
- Flexibility
- Tax treatment
- Signaling effect
- Competitive yield
- Shareholder base
- Share price impact



Superior returns

1Q05 pre-tax return on adjusted regulatory capital



% of Financial businesses operating profit before tax











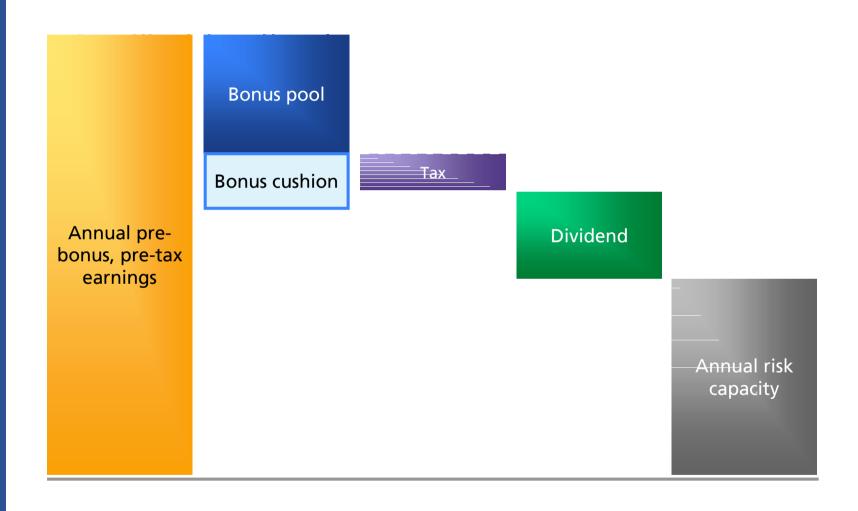


Notes:

1 Before acquisition costs



Normalized earnings and risk capacity





Outlook on 2010 – Growth focus

Capital allocation

- Active management of business portfolio
- Organic build for growth
- Fill-in acquisitions
- Continuation of dividends and share buyback programs

"One firm"

- Leveraging revenue synergies
- Single brand
- Cost controls

Risk management

- Operational risk framework
- ♦ No significant impact of Basel II





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