



UBS Investment
Bank

Product List

Your Key to FX Exotic Options



Knock Out (Kick Out)

The Knock Out Option (or Kick Out Option) is a standard option that automatically terminates if spot trades at or beyond a predetermined outstrike before expiration. The Knock Out Option can be distinguished from the Kick Out Option by the location of the outstrike. In the Knock Out Option, spot has to travel in the out-of-the-money direction to reach the outstrike while in the Kick Out Option, spot has to travel in the in-the-money direction to reach the outstrike.

**Minimum: USD 1 million face, 1 week (Knock Out),
2 weeks (Kick Out)**

Double Knock Out

The Double Knock Out Option is a standard option that automatically terminates if spot trades at or beyond either of two predetermined outstrikes before expiration.

Minimum: USD 1 million face, 2 weeks

Double Double Knock Out

The Double Double Knock Out Option is a standard option that automatically terminates if spot trades at or beyond any two of four predetermined outstrikes before expiration.

Minimum: USD 1 million face, 2 weeks

Knock In (Kick In)

The Knock In (Kick In) Option is a standard option that automatically comes into existence if spot trades at or beyond a predetermined instrike before expiration. The Knock In Option can be distinguished from a Kick In Option by the location of the instrike. In the Knock In Option, spot has to travel in the out-of-the-money direction to reach the instrike while in the Kick In Option, spot has to travel in the in-the-money direction to reach the instrike.

**Minimum: USD 1 million face, 1 week (Knock In),
2 weeks (Kick In)**

Knock In with Outstrike

Also known as the In & Out Option, the Knock In Option with Outstrike is a Knock In (or Kick In) Option that automatically terminates if spot trades at or beyond a predetermined outstrike before expiration. The outstrike is independent of the instrike, so the option could automatically terminate before or after it is knocked in (kicked in).

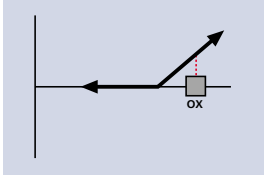
Minimum: USD 1 million face, 2 weeks

Flipping Barrier Option

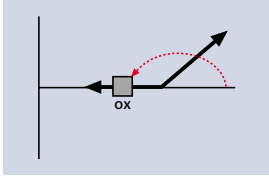
The Flipping Barrier Option has two outstrikes, one in the kick direction, and the other in the knock direction. The kick outstrike is only effective before a prespecified flip date, and the other outstrike is only effective after the flip date.

Minimum: USD 1 million face, 2 weeks

Before the flip date



After the flip date



Average Rate

The Average Rate Option is a cash-settled option that settles against the average rate of spot during its life rather than the spot rate at expiration. The average rate of spots is calculated based upon a prespecified series of discrete spot observations taken during the life of the option.

Minimum: USD 5 million face, 2 weeks

Forward Volatility Agreement

The Forward Volatility Agreement (FVA) is an agreement between the buyer and the seller to exchange a straddle option in the future (at the FVA date). The expiration and volatility this straddle will trade on is predetermined on the trade date. On the FVA date, the strike will be set to the then prevailing at-the-money forward to expiration of the straddle. The price of the straddle is therefore predetermined.

Minimum: USD 1 million face, 2 weeks

Deferred Strike Option

A Deferred Strike Option differs from a Plain Vanilla Option in the sense that the exact strike is not set at the time of the trade. Instead the exact method of determining the strike on a future date, the "defer date," is decided. The "defer date" will be prior to expiry. The methods of strike determination are either as a percentage or as a fixed offset to spot or forward on the "defer date."

Minimum: USD 1 million face, 2 weeks

Step Payment Option

The Step Payment Option is a standard option where some or all of the premium is deferred and contingent upon spot reaching certain prespecified triggers during the life of the option. If spot trades at or beyond a particular trigger level during the life of the option, the buyer of the option must pay the seller the prespecified premium amount associated with that trigger level.

Minimum: USD 1 million face, 2 weeks

Bottom Fishing Option

In addition to a Plain Vanilla Option, the Bottom Fishing Option allows the buyer to specify a certain level up to which he would like to participate in spot moving against his view in the sense that the strike is reset to more favourable levels. In addition to the strike, a series of lock strikes are specified in the out-of-the-money direction. As spot reaches each lock strike, the strike is reset to the lock strike.

Minimum: USD 1 million face, 1 week

Lock Out

The Lock Out pays out a fixed amount on the settlement date if and only if spot does not trade at or beyond a prespecified out-strike before expiration.

Minimum: USD 40,000 payout, 2 weeks

Lock In

The Lock In pays out a fixed amount on the settlement date if and only if spot trades at or beyond a prespecified instrike before expiration. The One Touch is similar to the Lock In except the payout is due in two business days.

Minimum: USD 40,000 payout, 2 weeks

Double Lock Out

The Double Lock Out pays a fixed amount on the settlement date if and only if spot does not trade at or beyond either of two prespecified outstrikes before expiration.

Minimum: USD 40,000 payout, 2 weeks

Forgiving Double Lock Out Option

The Forgiving Double Lock Out Option differs from a Double Lock Out Option in respect that when one or both of the primary outstrikes are breached, instead of the option expiring, a prespecified secondary range becomes active. If either outstrike which makes up the secondary range is breached, the option terminates.

Minimum: USD 40,000 payout, 2 weeks

Investor Choice Double Lock Out Option

The Investor Choice Double Lock Out Option is similar to a Double Lock Out Option except that a range width is specified rather than an actual outstrike range. This width is generally expressed in pips. In addition, a choice date that falls prior to the expiry date is specified. On the choice date, the holder chooses any range with the predetermined width regardless of where spot is on the choice date. After the range is selected, the Investor Choice Double Lock Out Option behaves like a normal Double Lock Out Option until maturity.

Minimum: USD 40,000 payout, 2 weeks

Quattro Option

The Quattro Option pays out an amount at expiration that is a function of how many of its four defined ranges were breached during the life of the option. The payout is zero if all four ranges were breached.

Minimum: USD 100,000 payout, 2 weeks

Knock Out Forward

The Knock Out Forward is a standard forward that automatically terminates if spot trades at or beyond a predetermined outstrike before the cut-off date (2 days prior to settlement).

Minimum: USD 1 million face, 2 weeks

Knock In Forward

The Knock In Forward is a standard forward that automatically comes into existence if spot trades at or beyond a predetermined instrike before the cut-off date (2 days prior to settlement).

Minimum: USD 1 million face, 2 weeks

Range Resettable Forward

The Range Resettable Forward is a standard forward (usually at a more favourable rate compared to the market rate) where the effective forward rate automatically resets to a new level (usually less favourable) if spot trades outside of a predefined range bounded by two trigger levels before the cut-off date (2 days prior to settlement).

Minimum: USD 1 million face, 2 weeks

Dual Currency Range Resettable Forward

With the Dual Currency Range Resettable Forward the predefined range is in a different currency pair than the forward.

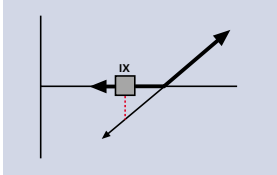
Minimum: USD 1 million face, 2 weeks

Kick Into Forward

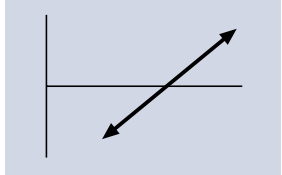
The Kick Into Forward Option is a standard option that converts into a forward contract if spot trades at or beyond a predetermined instrike. The resultant forward contract obligates the seller and buyer to exchange currencies at the strike price of the original option on the settlement date.

Minimum: USD 1 million face, 2 weeks

Instrike not touched



Instrike touched



Digital

The Digital Option pays out a prespecified fixed amount if spot at expiration is above (for a Digital call) or below (for a Digital put) a prespecified strike.

Minimum: USD 40,000 payout, 2 weeks

Digital with Outstrike

The Digital with Outstrike is a Digital Option that automatically terminates when spot trades at or beyond a prespecified outstrike before expiration.

Minimum: USD 40,000 payout, 2 weeks

Range Accrual

The Range Accrual pays out a fixed amount at expiration for every observation of spot that falls within a certain prespecified range.

Minimum: USD 1 million payout, 2 weeks

Strike Step

The Strike Step Option is a standard option whose strike automatically resets to a new more favourable level if spot trades at or beyond certain prespecified strike steps.

Minimum: USD 1 million face, 2 weeks

Mega Premium Option

The Mega Premium Option pays the seller an enhanced premium, but the seller must refund the premium to the buyer if spot crosses a certain prespecified trigger level, generally equal to the strike price.

Minimum: USD 1 million face, 2 weeks

Kick Out with Premium Rebate

The Kick Out with Premium Rebate is a Kick Out Option in which if spot ever trades at or beyond the outstrike, the option is automatically terminated and the upfront premium is refunded to the buyer.

Minimum: USD 1 million face, 2 weeks

Forgiving Kick Out Option

The Forgiving Kick Out Option is similar to a regular Kick Out Option except that the buyer is given a second chance, should the kick barrier (primary outstrike) be reached. In the event of a barrier transaction at the primary barrier, your primary option is automatically terminated but you are given a predefined secondary option that is a regular Kick Out Option.

Minimum: USD 1 million face, 2 weeks

Front-end Barrier Knock/Kick Out

The Front-end Barrier Knock/Kick Out (FEBKO) is a Knock/Kick Out Option where the outstrike is only effective before a prespecified barrier end date. After the barrier end date, the FEBKO becomes a standard option.

Minimum: USD 1 million face, 2 weeks

Front-end Barrier Double Knock Out

The Front-end Barrier Double Knock Out (FEBDKO) is a Double Knock Out Option where the outstrikes are only effective before a prespecified barrier end date. After the barrier end date, the FEBDKO becomes a standard option.

Minimum: USD 1 million face, 2 weeks

Kick Out at the End

The Kick Out at the End is a standard option that will expire worthless if, at expiration, spot is at or beyond a predetermined outstrike set in-the-money.

Minimum: USD 1 million face, 2 weeks

Your Key FX Sales Points

Basel (UBSB)

+41-61-289 43 00*

Bern (UBBE)

+41-31-336 24 44*

Germany/Austria Desk (UBZD)

+41-1-239 73 33*

Geneva (UBGS)

+41-22-389 55 00*

Lausanne (UBLF)

+41-21-215 34 50*

Lugano (UBTF)

+41-91-801 91 91*

Lucerne/Zug (UBSZ)

+41-41-208 10 60*

St. Gall (UBSG)

+41-71-225 22 40*

Zurich (UBZA)

+41-1-239 44 11*

We inform you that calls on numbers marked with * could be taped. When calling these numbers, we assume that you agree with this procedure.



Your Key FX Exotic Options Advisors

This material has been prepared by UBS AG or an affiliate thereof ("UBS").

This material is for distribution only under such circumstances as may be permitted by applicable law. It has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities markets or developments referred to in this material. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this material are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. UBS is under no obligation to update or keep current the information contained herein. UBS, its directors, officers and employees' or clients may have or have had interest or long or short positions in the securities or other financial instruments referred to herein and may at any time make purchases and/or sales in them as principal or agent. UBS may act or have acted as market maker in the securities or other financial instruments discussed in this material. Furthermore, UBS may have or have had a relationship with or may provide or has provided investment banking, capital markets and/or other financial services to the relevant companies. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this material. Additional information may be made available upon request.

Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in these materials.

This document is not intended for distribution in the USA and to U.S. persons.

Switzerland: This material is distributed in Switzerland by UBS AG.

© 2003 UBS. All rights reserved. UBS specifically prohibits the redistribution of this material and accepts no liability whatsoever for the actions of third parties in this respect.



UBS Investment
Bank

UBS AG
P.O. Box, CH-8098 Zurich

Domicile: Europastrasse 1 and 2
CH-8152 Opfikon
www.ubs.com/investmentbank

UBS Investment Bank is a business group of UBS AG