



2009 First Half Results

Zurich – 4 September 2009



Compagnie Financière Tradition

Agenda

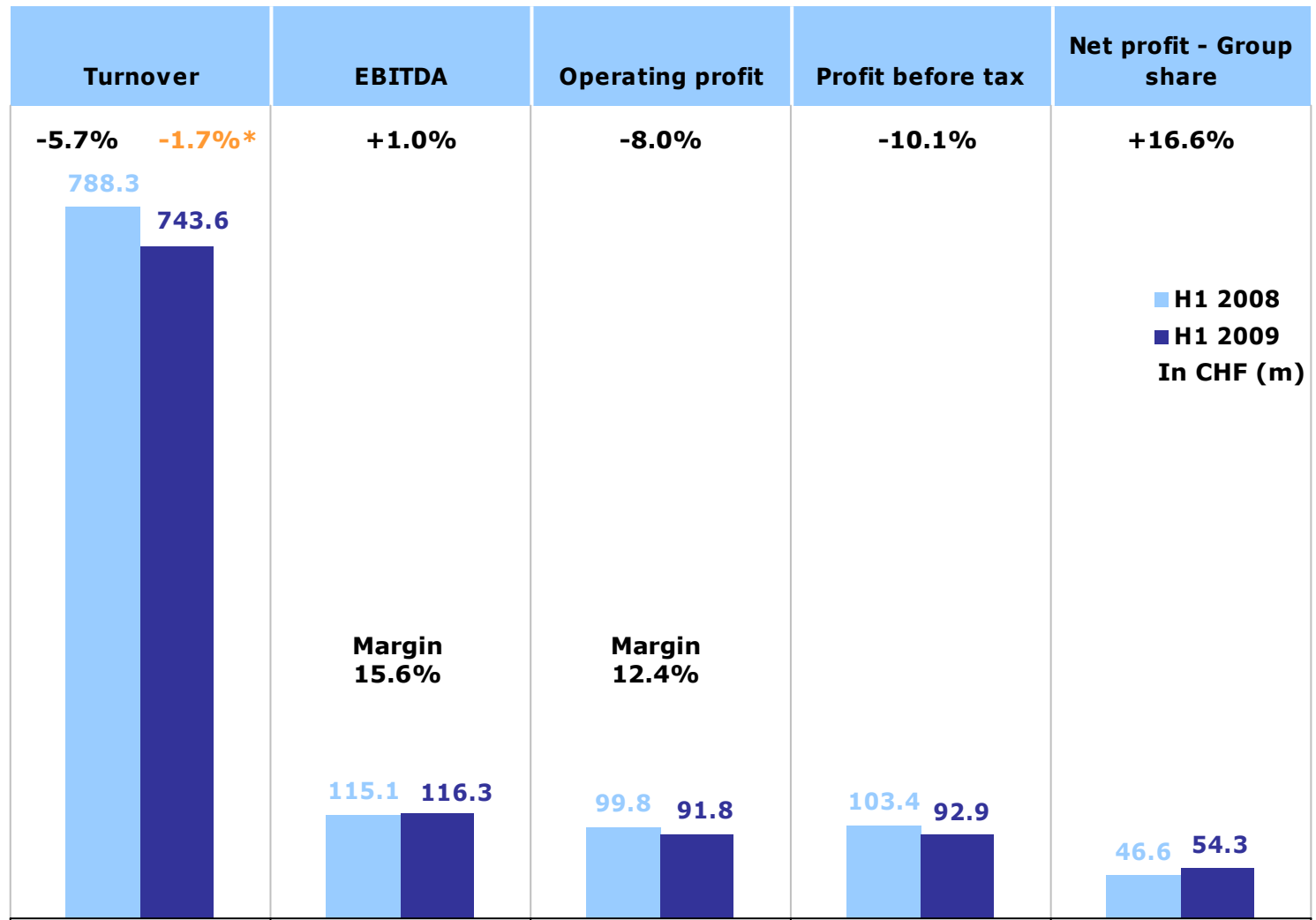
- ❑ Introduction
- ❑ Financial Review
- ❑ Industry Dynamics
- ❑ Strategic Outlook
- ❑ Additional Information

Introduction



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Resilient semester in a challenging environment

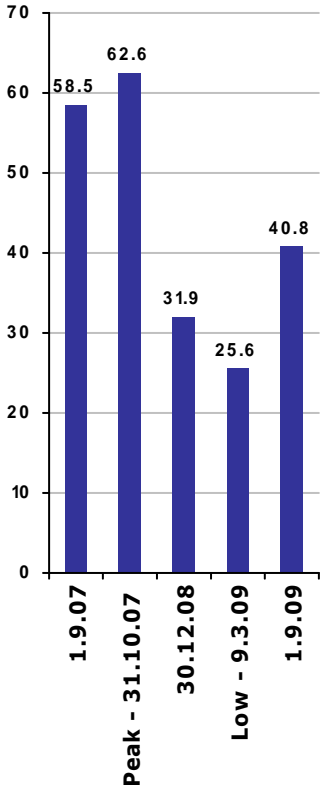


*Constant exchange rate

Markets heading to some degree of normalisation

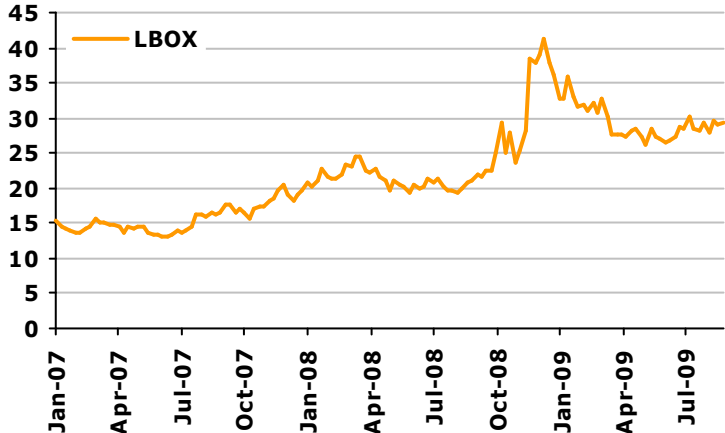
World market capitalisation

In USD (trillions)



Source: Bloomberg

Market volatility – Fixed income



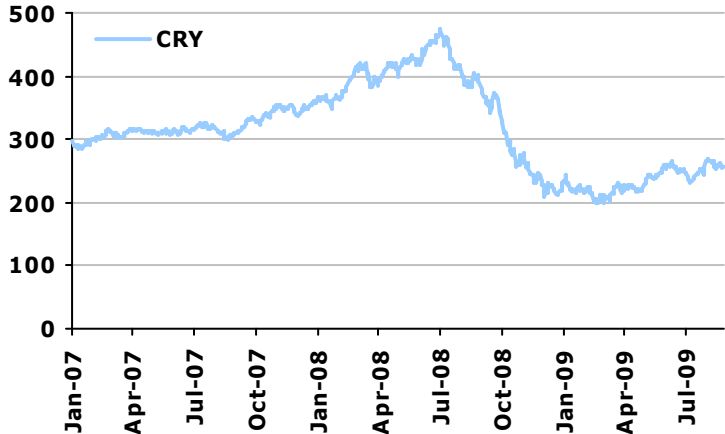
Source: Bloomberg

Market volatility – Equities



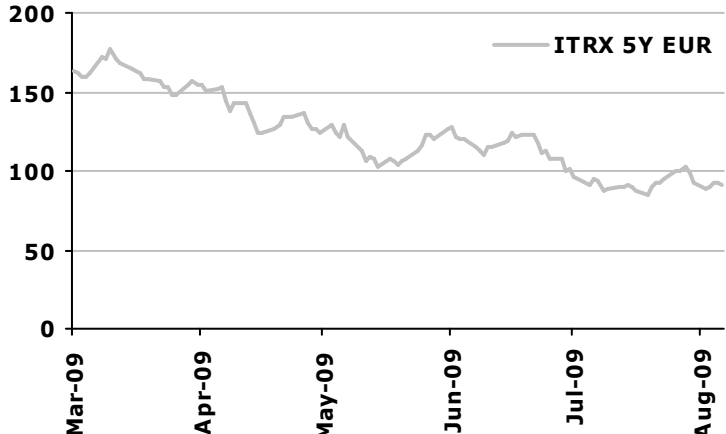
Source: Reuters

Commodities










Source: Bloomberg

5Y CDS Investment Grade



Source: Bloomberg

Radical shifts on the back of unprecedented crisis

		NEW REALITY	MARKET IMPACT
	Supranational organisations	Redefinition of role Significant increase in power	World reserve currency
	Countries	Winners (for example China) and losers (for example G7/G8)	Downsizing of the US market Real economy still more important than financial markets in emerging markets
	Policy makers & regulators	More powerful governments Active intervention in real economy and banking system Dramatic explosion of public deficits	Greater government ownership Increased regulation – Focus on systemic risk, transparency and speculation
	Central banks	Extraordinary powers Still injecting huge amounts of liquidity into the system Increase in reserves Increase in balance sheet	Reserves management Strategy in asset allocation Significant buyers in the bond markets
	Banks	Small group of winners – Discriminatory factors include strategy and structure Continuing search for capital and operating efficiencies Full restructuring of some national banking systems Top 15 ranking by market cap include Chinese and Brazilian banks Savings likely to rise still further	Consolidation – Lower risk appetite – Deleveraging – Changes in client structure – Favourable environment for fixed income markets and flow products – Regulatory headwinds – Desire by policy makers to restart the securitisation markets – Toxic assets management
	Hedge Funds	Sharp drop and concentration of assets under management Pure speculative strategies among the losers Need to decrease exposure Still a lot of cash on the sidelines	Lower activity Risk appetite coming back but will not match prior levels Focus on security of assets Some diverging interests in the ongoing re- regulation
	Sovereign wealth funds	Significant impact of timing of major investments Great prudence	Moving from « project investors » to diversified portfolio management

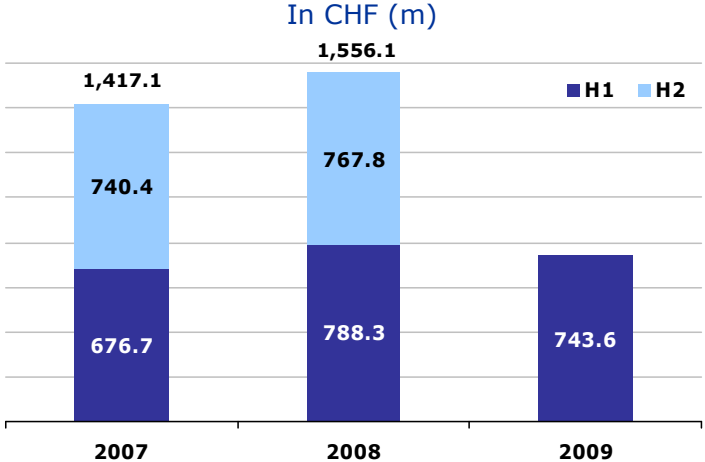
Financial Review



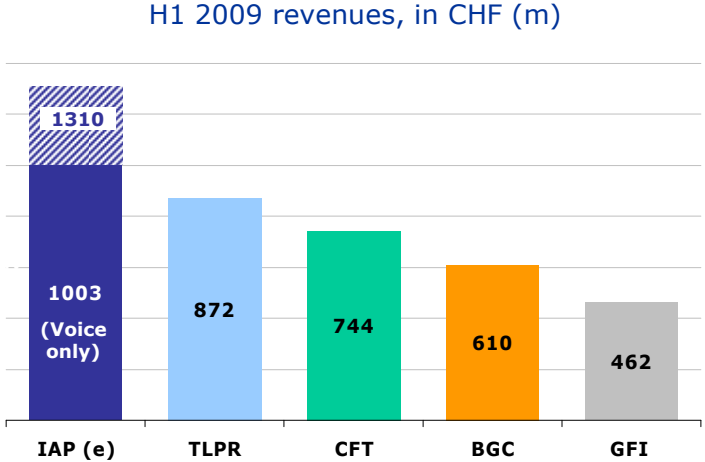
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Good revenue performance in relation to sector

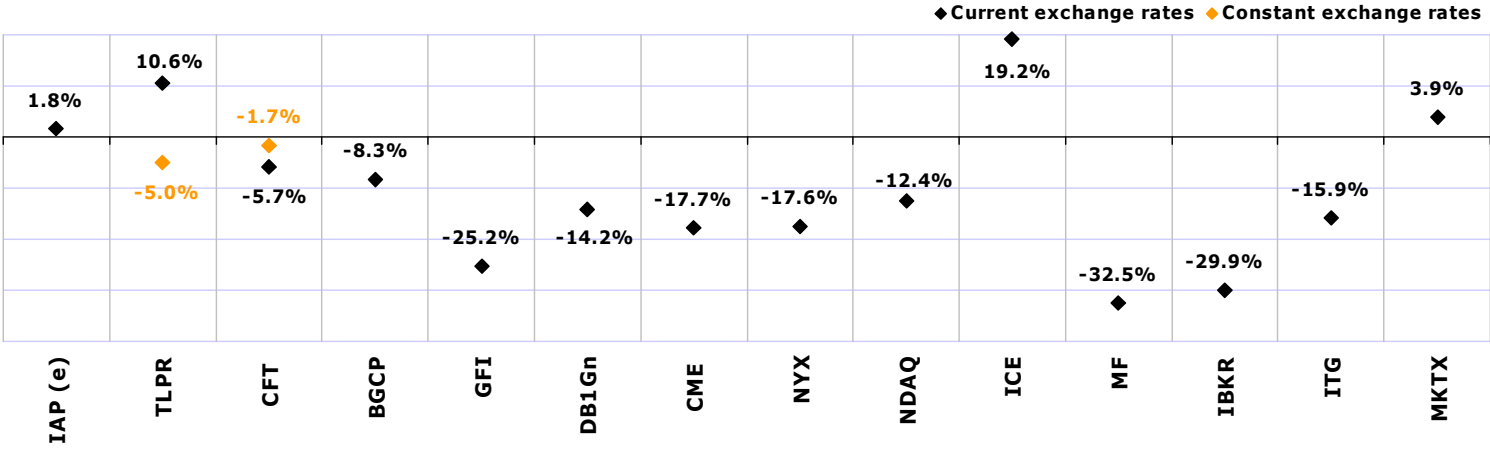
Half year and yearly turnover



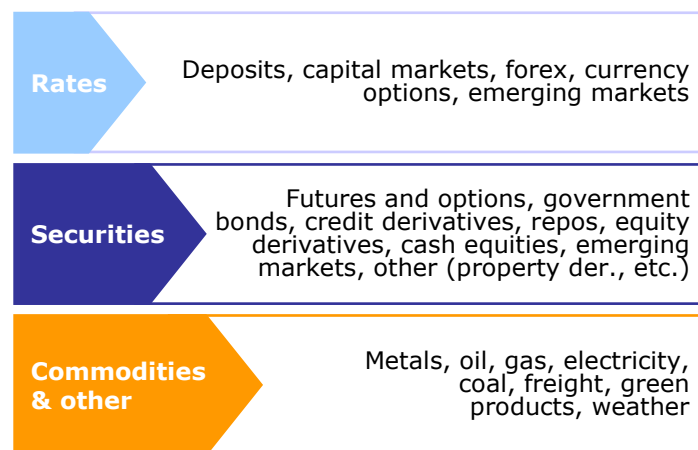
Global positioning – Peer group



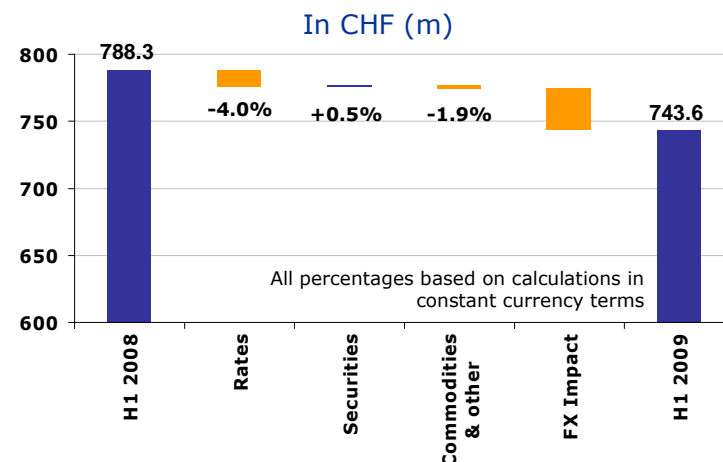
Year over year growth rates – Sector overview



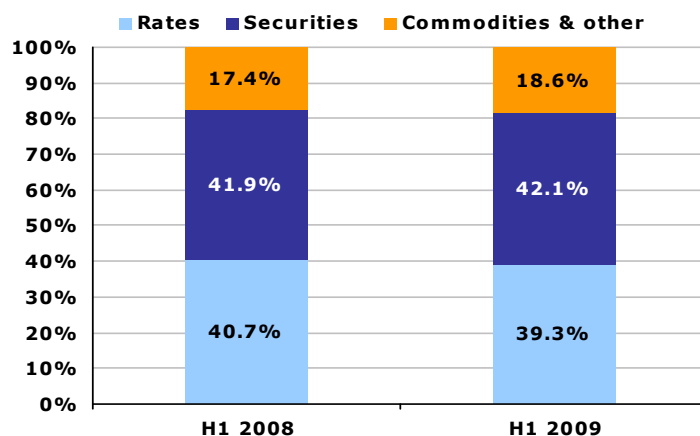
Product expertise across all asset classes



Turnover by product – H1 2009 bridge



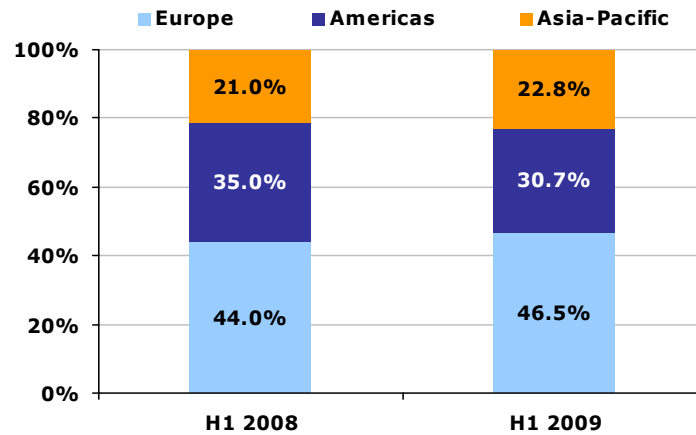
Turnover by product - Breakdown



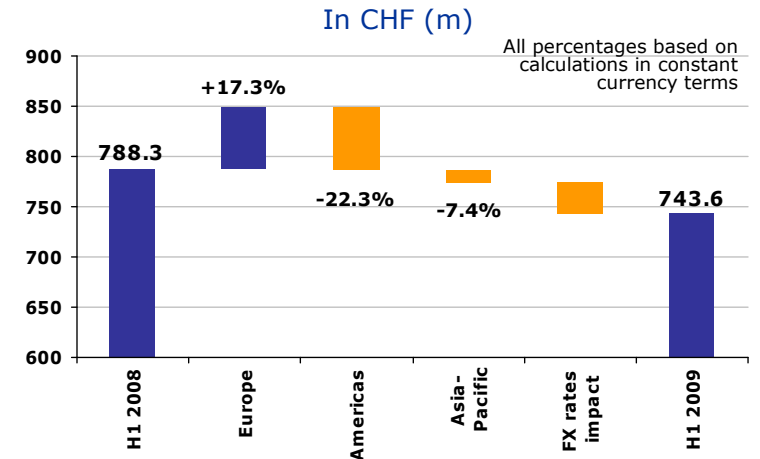
Highlights

- Good revenue performance given competition's overweight in corporate bonds
- Shift of emphasis in some product lines due to changes in client's risk appetite
- Continued building of equity coverage
- Consistent year on year revenues in all commodity-related products excluding freight
- Electronic initiatives 2009 Milestones
 - OILX (oil swaps), TFS Coal Trading Screen (cleared coal contracts), Credit Trading, Tradition STP Hub, Implied price engines

Turnover by region - Breakdown



Turnover by region – H1 2009 bridge



Highlights

Americas

- Most impact of the crisis felt in the US markets
- Good progress in Latin America

Europe

- Growth in London reflects organic growth and investment in new teams
- Enhanced market shares in a number of areas
- Strong performance in continental Europe

Asia

- Lower revenues in rate products in line with the market
- Improved positions outside rates
- Operations in China started in February

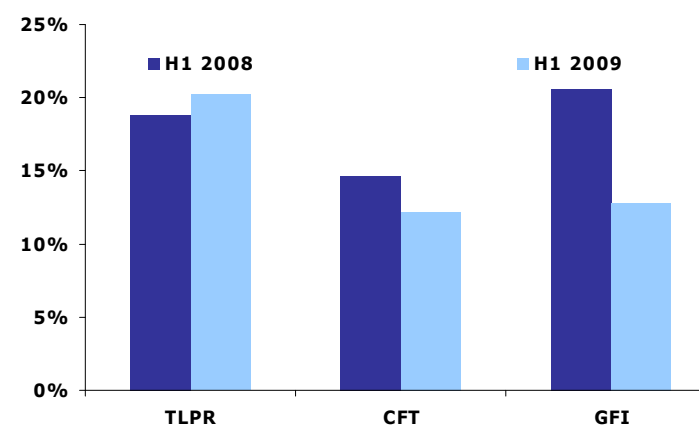
Underlying operating margin of 11.2%

H1 2009 In CHF (m)	Before amortisation and impairment of intangibles and exceptionals	Amortisation and impairment of intangibles	Non recurring items	Total
Turnover	743.6			743.6
Net operating expenses	-646.6		-6.3	-652.9
Gains on disposal of Group entities			25.6	25.6
EBITDA	97.0			116.3
EBITDA margin	13.0%			15.6%
Amortisation & depreciation	-13.9	-10.6		-24.5
Operating profit	83.1			91.8
Operating margin	11.2%			12.4%

Highlights

- Underlying decrease in operating profit due to impact of investments in selected areas in the US and London
- CHF 25.6m gain on disposal of Group entities
- Global technology spend in line with 2008

Peer group Ebitda* evolution

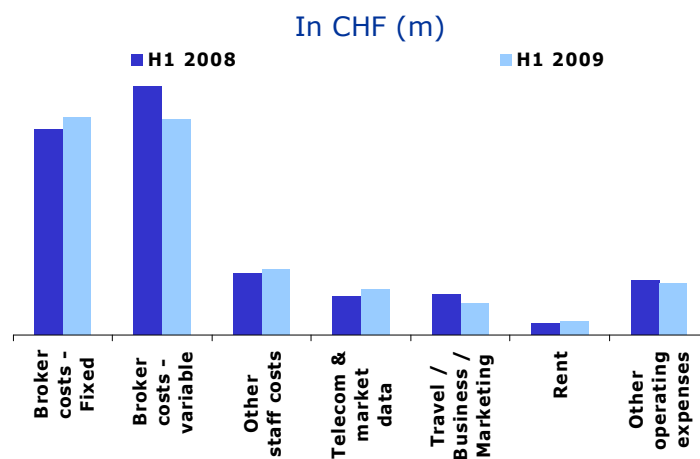


*Excluding gains on disposal of Group entities, depreciation and amortisation

Key operating ratios

In % of turnover	H1 2009	H1 2008	FY 2008
Compensation costs	68.6	66.7	66.9
- Operational	59.6	58.7	59.0
- Administrative	9.0	8.0	7.9
<i>Variable/total</i>	47.2	53.0	50.3
Telecom & market data	6.2	4.9	5.5
Travel/Business/Marketing	4.3	5.2	5.3
Rent	1.9	1.5	1.7
Other net operating expenses excluding gains on disposal of Group entities	6.8	7.1	8.4
Amortisation/Depreciation and impairment losses	3.3	1.9	2.6
Number of brokers	1,548	1,459	1,556
Total staff	2,425	2,281	2,434

Cost base evolution



Peer group KPI

	Tradition	Tullett	GFI
Ebitda margin*	12.2%	20.2%	12.8%
Compensation costs (% of revenues)	68.6%	64.5%e	71.5%
Non compensation costs* (% of revenues)	19.2%	15.3%e	15.7%
Annualised productivity (CHF**)	887k	1038k	857k
Ytd variation in brokers	-8	-6	+32
Ytd variation in total staff	-9	-59	+3
Broker staff/non broker staff	1.8	2.0	1.6

*Excluding gains on disposal of Group entities, depreciation and amortisation

** @ H1 2009 rates average

Net profit - Group share up 16.6%

In CHF (m)	H1 2009	H1 2008
Operating profit	91.8	99.8
Net financial income	-2.2	-0.9
Share of profit from equity participation	3.3	4.5
Profit before tax	92.9	103.4
Income tax	-30.0	-44.6
Profit from continuing operations	62.9	58.8
After tax results from discontinued operations	-	-1.0
Profit for the period	62.9	57.8
Net profit group share	54.3	46.5

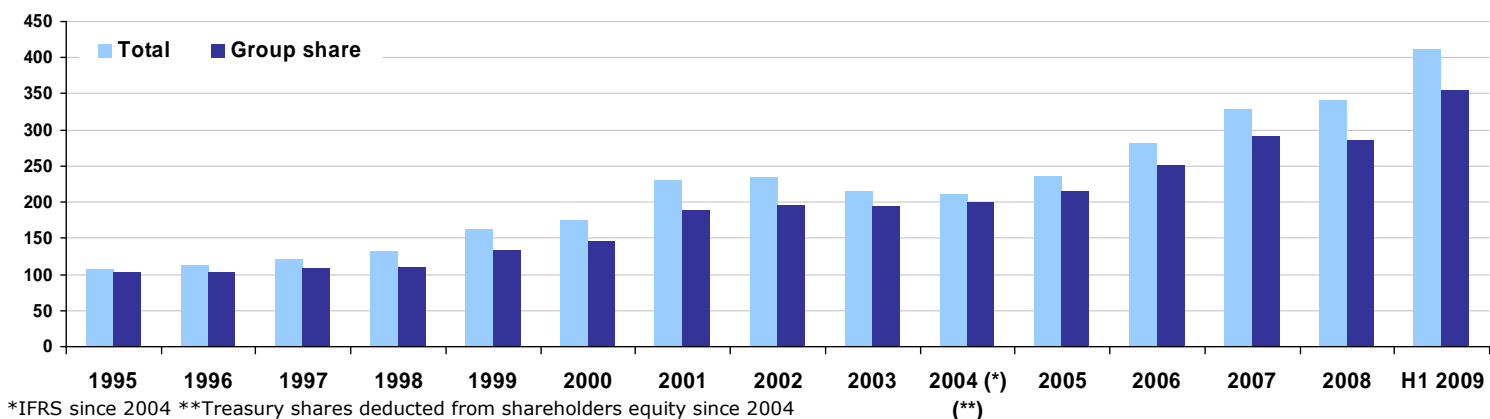
Highlights

- Decrease of effective tax rate to 40.9% excluding gains on disposal of Group entities
 - Shift in contribution by region
 - Use of tax losses
 - Decrease in non-deductible expenses

Target of CHF 400m equity reached in H1

Shareholders' equity

In CHF (m)

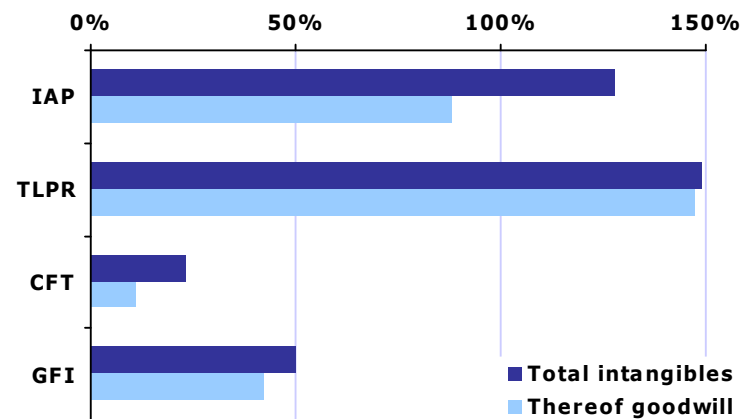


Tradition – Key metrics as of 30/6/2009

Book value per share	CHF 57.8
Intangible assets	CHF 93.8m
<i>of which Goodwill</i>	<i>CHF 43.9m</i>
Tangible shareholders' equity	CHF 318.3m

Intangible assets

% of shareholders' equity



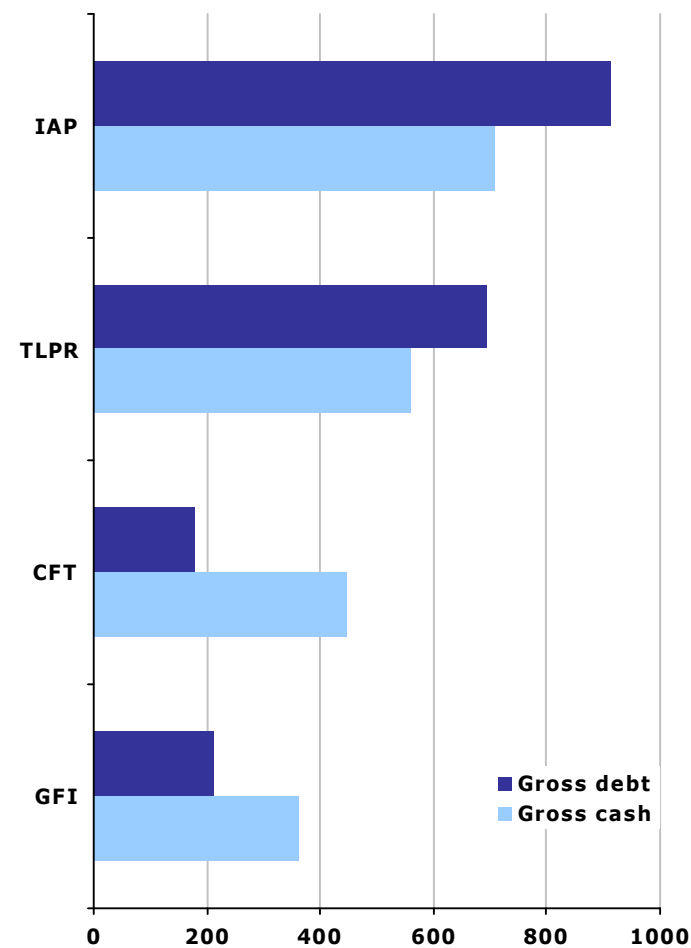
Tradition an industry benchmark

In CHF (m)	30.609	31.12.08
Cash & cash equivalents	447.0	378.8
Financial assets @ fair value	10.7	8.7
Financial debt *	-176.3	-185.3
Adjustments linked to variances in AH & MP activities	12.7	-1.3
Net funds adjusted	294.1	200.9

*Excluding debt linked to matched principal activities

Cash and leverage – peer group

In CHF (m)



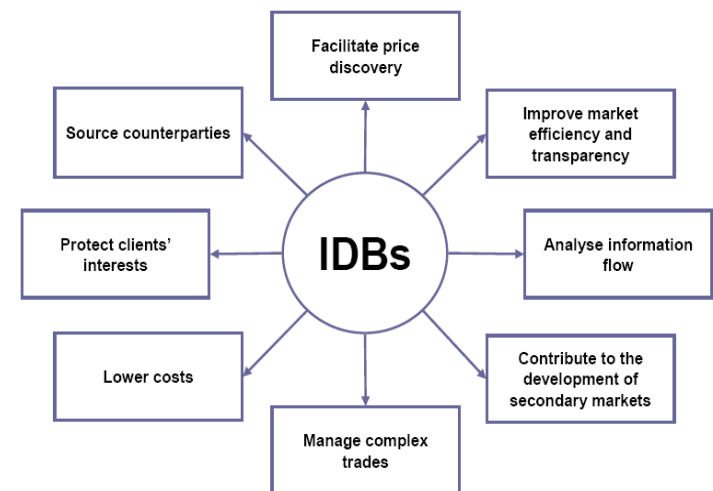
Industry Dynamics



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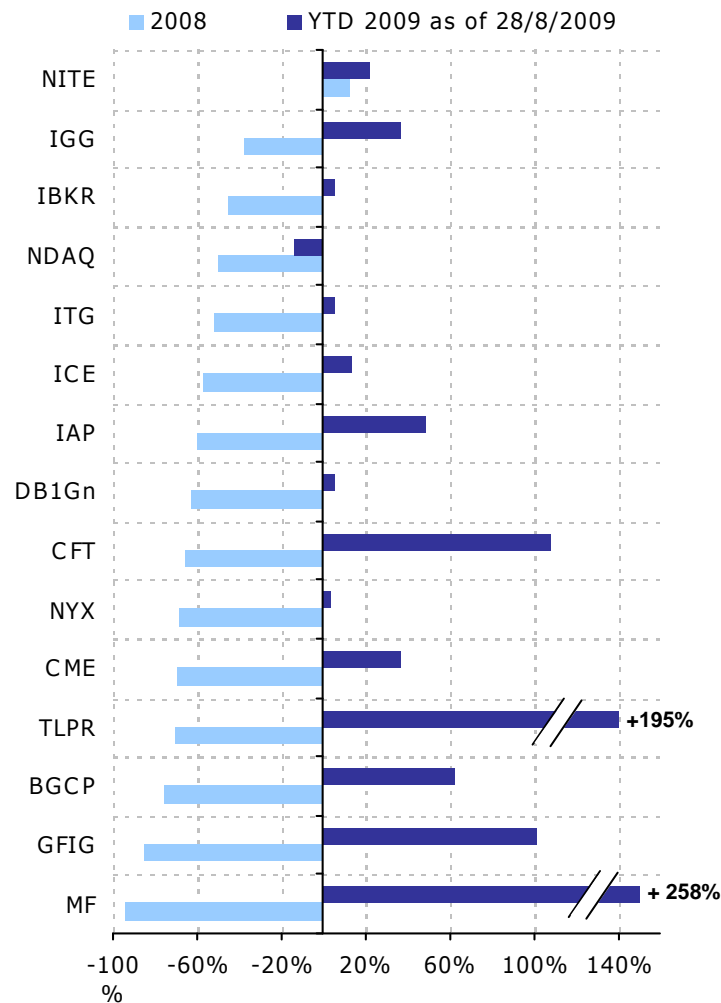
Interdealer Brokers (IDB) have an attractive business model

- ❑ An industry designed to quickly respond to clients' needs
- ❑ Key liquidity providers
 - Provide necessary transparency without detriment to liquidity for both listed and OTC instruments
- ❑ IDBs know how to structure / develop secondary markets
- ❑ No conflict of interests
- ❑ Regulated entities
- ❑ Low risk profile
- ❑ More resilient volumes than exchanges
- ❑ The future is voice, hybrid & electronic
- ❑ IDBs well placed to take advantage of current market
 - The restructuring of global financial market infrastructure will create opportunities
- ❑ Structural growth drivers intact
 - Budget imbalances
 - Emerging economies
 - Risk management techniques
 - Pace of change driven by financial innovation, technology and regulation

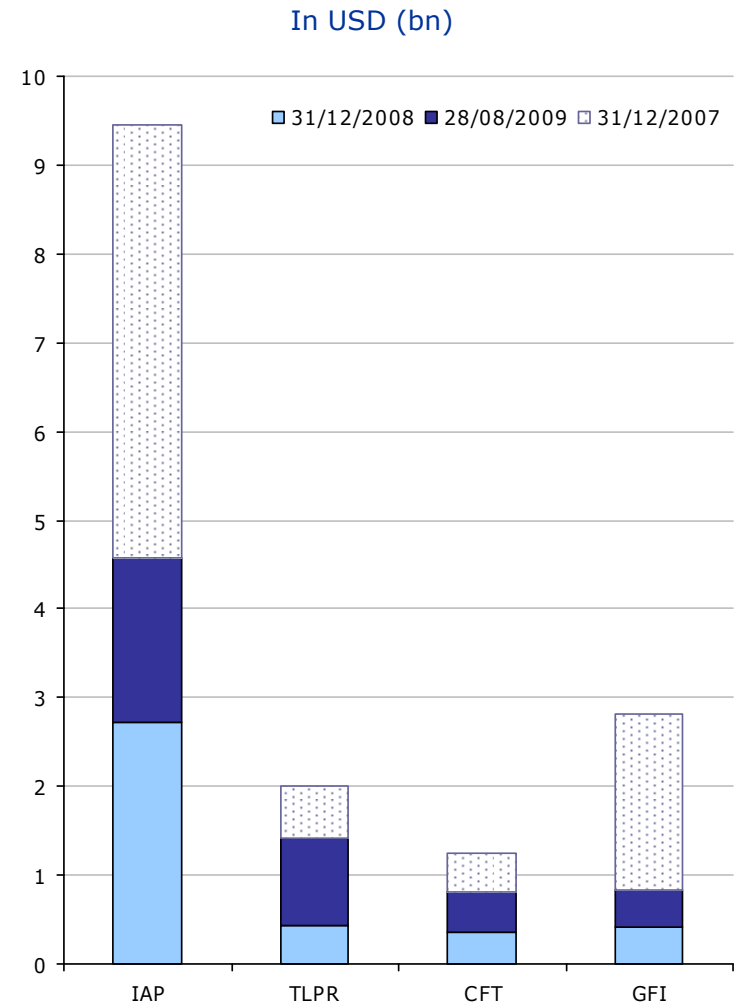


IDBs stock price have performed well since the beginning of the year

2008 and year to date stock performance



Market capitalisation - Peer group



Further convergence / consolidation expected

- ❑ Competition and convergence at the same time
 - Trades move from bilateral to centrally cleared settlement
 - Regulatory pressure to move OTC contracts « on-exchange »
 - The exchange model – usually a natural monopoly
 - IDBs are market infrastructure per se
- ❑ Consolidation, what is next?
 - Market structure valuations impacted
 - Declining volumes at exchanges
 - Compelling costs synergies in transactions among IDBs
 - Possible alliances between IDBs and exchanges in the future

CME Group, Eurex, Liffe and ICE

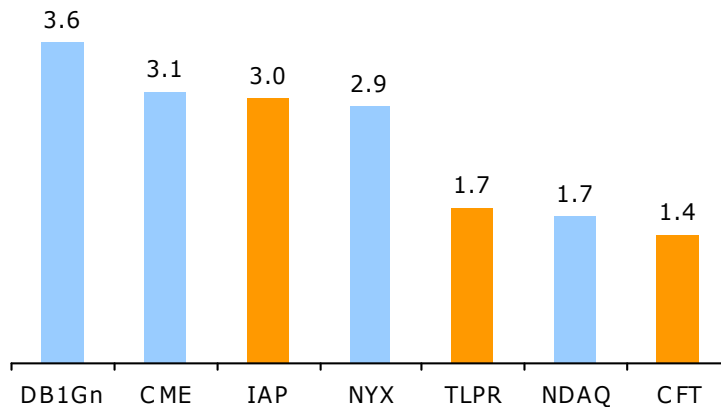
July YTD On-exchange volumes

Year-on-year trends

Interest rates	-37%
Equity derivatives	-2%
Commodities	-1%

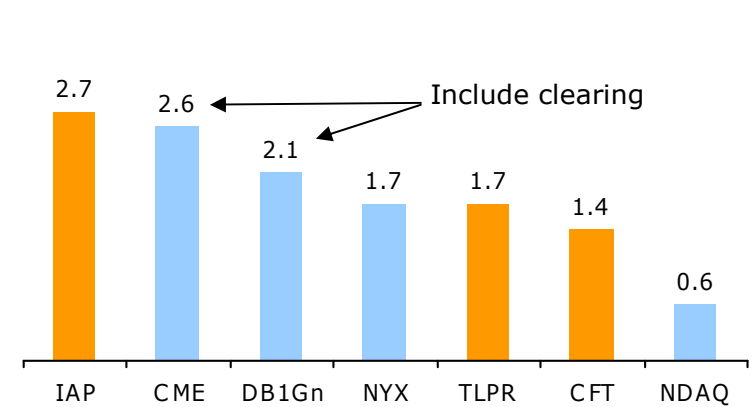
Net revenues

FY 2008, In USD (bn)



Transactional revenues

FY 2008, In USD (bn)



Zoom on regulators and policy makers' agenda

- ❑ OTC derivatives
 - Objective to ensure efficient, safe and sound derivatives markets
 - Focus on clearing, trade reporting, regulation of trading venues, capital incentives/penalties
 - A different approach taken in the US, Europe and Asia
 - Tight agenda but a complex issue
 - Tradition is participating in the public debate as well as other IDBs
- ❑ Position limits in the energy market
- ❑ Equity market structure
 - Short selling - Type of orders - High Frequency Traders - Dark pools
- ❑ Hedge funds, rating agencies, CCPs, creation of new regulatory bodies, capital requirements

	Impact on Tradition
Shift from bilateral OTC trades to centrally cleared	Positive impact
Stricter speculative position limits	Impact on trading volumes difficult to predict
Reporting of the trades to trade repositories	Neutral impact – IDBs support trade reporting to regulators
Shift from bilateral OTC trades to regulated trading venues	IDBs are regulated trading venues On exchange trading unlikely to be mandated Electronic trading likely to be evolutionary not revolutionary European regulation ahead of US

IDBs welcome the development of OTC clearing

- Clearing through central counterparties (CCPs) exists
 - IDBs channel voice trades to CCPs whenever possible
 - Clear benefits for market participants and regulators
 - Costs benefits and balance sheet efficiencies
 - Liquidity growth by virtue of increased participant access
 - Transparency

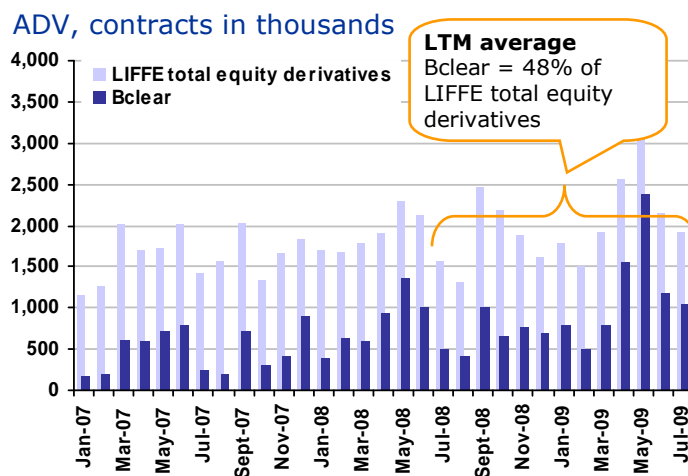
- Fair and open access to CCPs is essential
 - Execution venues and clearing venues are distinct in nature
 - Post trade offerings need to be financially secure and viable

YTD volumes as of July 2009

ADV - Year-on-year trends

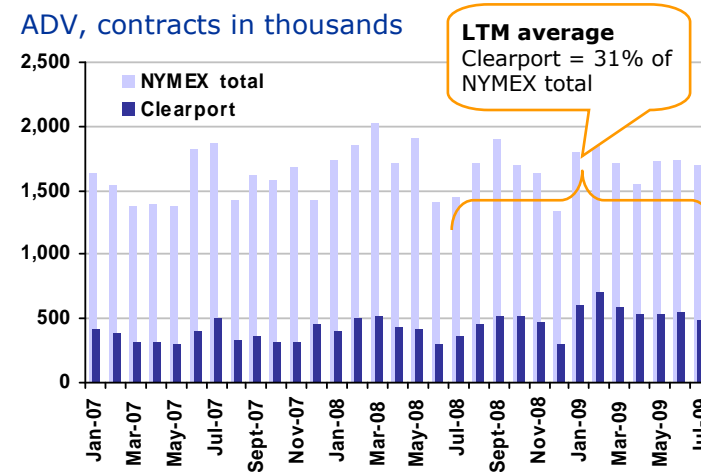
NYMEX ex. Clearport	-16%
Clearport	26%
Liffe Equity derivatives ex. BClear	-9%
BClear	+52%

LIFFE equity derivatives vs. Bclear



Source: NYSE Euronext website

NYMEX total vs. Clearport



Source: CME Group website

Strategic Outlook



Compagnie Financière Tradition

Corporate strategy is focused on core strengths

- ❑ Price discovery - Liquidity development - Distribution

- ❑ Prepared to make the best out of a challenging year
 - Closely monitoring market environment
 - Economic uncertainty remains, global slump challenges policies
 - Condition of the banking system continues to be difficult
 - Cautious assumptions for H2 2009
 - Second half of 2009 unlikely to see market activity at the levels seen in 2008
 - Environment remains competitive
 - Focus on operational efficiency

- ❑ Global credit crisis is bringing wholesale changes to the traditional interdealer market
 - This will in turn foster an evolution of the IDB business
 - Professional market information and execution will be rewarded

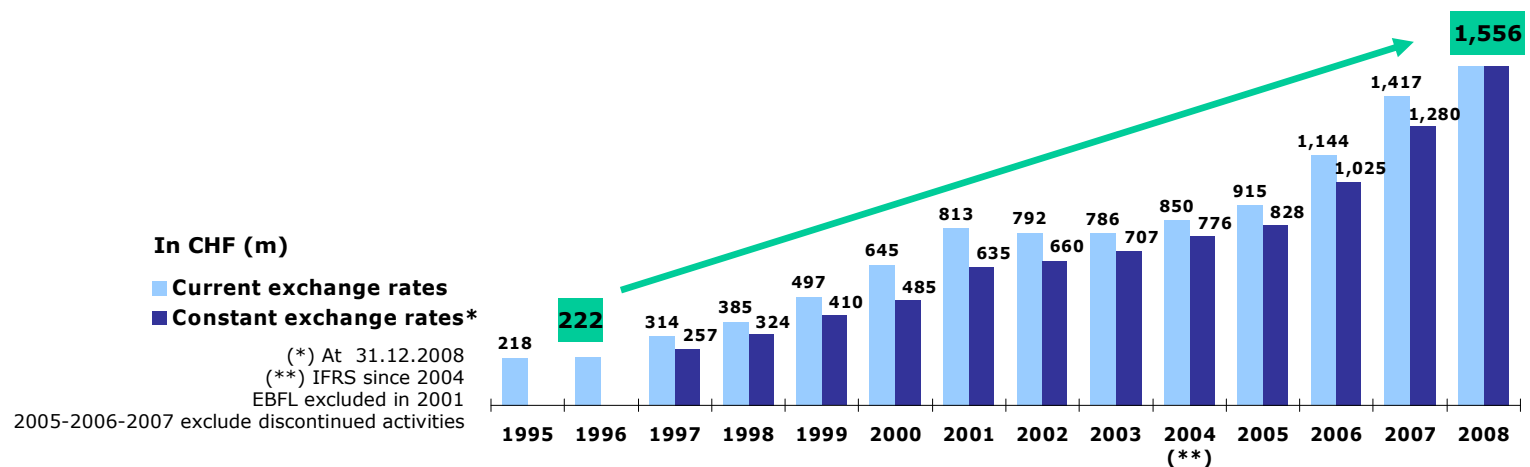
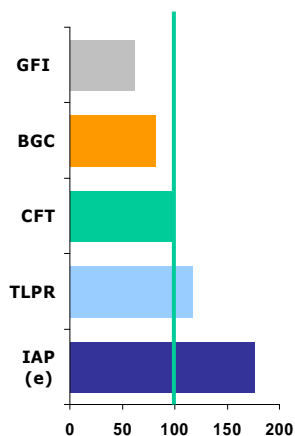
- ❑ Also focused on securing future competitiveness
 - Focus on organic growth maintained, in order to position the Group as a key international player and sector leader
 - Remaining opportunistic by leveraging core strengths to identify new opportunities to grow the business
 - Evaluate opportunities for activity within peer group and related businesses

Balanced strategy: growth, profit, balance sheet

- ❑ Strategy consistent over the years
- ❑ Solid foundations
 - Critical size and global reach
 - Diversity of products and geographies
 - Track record of organic growth
 - Sizeable market share
 - Defensive balance sheet
 - Small level of goodwill
 - Net cash position
 - A long term view of the industry
 - An industry used to quickly adapt to changing customer needs
 - Interdealer brokers play a critical role

Tradition's size relative to peers

Strategy based on consolidation for the #1 and #2



Additional Information



Compagnie Financière Tradition

Sources, definitions, FX rates and tickers

Company	Revenues	Transactional revenues	Comment
PEER GROUP			
ICAP	Total revenues	Total revenues net of information services	FY2010 revenues based on Reuters Knowledge estimates as of 26 August 2009 – FY ends March 31
Tullett Prebon	Total revenues	Total revenues net of information services	
GFI Group	Brokerage, analytics and market data revenues net of clearing fees		
BGC Partners	Total revenues excluding interest, other income and fees from related parties, net of commissions and floor brokerage		
OTHER MARKET STRUCTURE			
CME Group	Total revenues	Clearing and transaction fees	Transactional revenue include clearing fees – Proforma legacy CME Group + Nymex
Deutsche Börse	Sales revenues	Xetra + Eurex revenues	Eurex revenues include Eurex Clearing
Intercontinental Exchange	Total revenues		
Interactive Brokers	Total revenues net of interest income		
Investment Technology Group	Total revenues		
MarketAxess	Total revenues		
MF Global	Revenues net of interest and transaction-based expenses.		Recalendarised - FY ends March 31
Nasdaq OMX Group	Revenues less liquidity rebates, brokerage, clearance and exchange fees	Total transaction services revenues less liquidity rebates, brokerage, clearance and exchange fees and less access services revenues	
NYSE Euronext	Total revenues net of liquidity payments and routing and clearing fees	Cash and trading revenues net of liquidity payments and routing and clearing fees	

Company	Ticker
CME Group	CME
Compagnie Financière Tradition (Tradition)	CFT
Deutsche Börse	DB1Gn
GFI Group	GFIG
ICAP	IAP
IG Group	IGG
Intercontinental Exchange	ICE
Interactive Brokers	IBKR
Investment Technology Group	ITG
Knight Capital Group	NITE
London Stock Exchange	LSE
Marketaxess	MKTX
MF Global	MF
Nasdaq OMX Group	NDAQ
NYSE Euronext	NYX
Tullett Prebon	TLPR

	Vs CHF	Average H1 2009	Closing 31 Dec 07	Closing 31 Dec 08	Closing 30 June 09	Closing 28 Aug 09
<ul style="list-style-type: none"> □ FX rates <ul style="list-style-type: none"> – Revenues translated into CHF at H1 2009 average rates – Balance sheet items translated into CHF at 30 June 2009 closing rates (ICAP at 31 March 2009 closing rates) – Market caps translated into USD at 28 August 2009 closing rates □ Source <ul style="list-style-type: none"> – Company reports (unless specified otherwise) □ Balance sheets <ul style="list-style-type: none"> – For Icap as of 31/03/09, for Tradition, GFI and Tullett Prebon as of 30/6/09 	<ul style="list-style-type: none"> GBP USD EUR 	<ul style="list-style-type: none"> 1.68 1.13 1.51 	<ul style="list-style-type: none"> 2.26 1.12 1.65 	<ul style="list-style-type: none"> 1.56 1.07 1.49 	<ul style="list-style-type: none"> 1.79 1.08 1.53 	<ul style="list-style-type: none"> 1.73 1.06 1.52