

Back to basics

After a euphoric year in 1999, which saw world stock markets surge ahead on the back of the new economy, the last year of the millennium proved a rude awakening for many businesses and investors, albeit at a time when the world growth rate hit a thirty-year high. With the collapse of the Nasdaq, soaring oil prices and a gradual downturn in the world economy, 2000 will remain in the annals as a highly eventful and unpredictable year.

A year of exceptional growth in the world economy, and a continued trend towards globalisation...

2000 will long be remembered as a year of outperformance as the world growth rate reached its highest level in over a decade, at more than 4%.

This global performance was driven by the American economy, which registered its tenth consecutive year of growth. After a 4% rise in 1999, GDP showed a hefty 5% increase last year, with unemployment steady at 4%. With the economy showing signs of overheating and inflation a real possibility, the Fed reacted vigorously by increasing interest rates six times in eighteen months, no doubt contributing to the abrupt slowdown in the American economy at year-end, rather than the hoped soft landing.

Europe also enjoyed an excellent year. The growth rate in the European Union reached 3.4%, compared with 2.5% the previous year, buoyed by the increase in world demand and solid underlying economies. On the employment front, all members of the European Union registered a spectacular improvement, with unemployment dropping to 8.4% of the working population, compared with 9.2% in 1999. This movement should continue in 2001, with growth forecasted to reach 3%, provided the oil market remains

relatively stable. The increase in the price of crude during the year took its toll on inflation, which rose to 2.3% in 2000 compared with 1.1% the previous year, hitting consumer spending and household consumption.

Japan, which finally emerged from two years of recession, enjoyed modest growth.

Nonetheless, the Japanese economy remains fragile, with continuing deflation, a stubbornly high unemployment rate, a stock market that saw one third of its capitalisation evaporate in 2000 - dropping back to 1986 levels - and a worrying increase in the number of bankruptcies, which continue to weigh on the balance sheets of Japanese banks. Spurred on by the bullish conditions in Europe and in the United States, and the improvements in Japan, the recovery that began in 1999 in the rest of Asia continued in full swing in 2000, with sustained growth in all the countries affected by the 1997 crisis. Exports enjoyed a spectacular rise, helping stimulate domestic demand. However, the prospect of a downturn in the U.S.A., which would negatively impact exports, and the fragility of a banking system that was not completely back on the rails, could slow Asian recovery in 2001, with the exception of China. China, which enjoyed a growth rate of 8% in 2000, should benefit considerably from its impending admission to the World Trade Organisation in 2001.

There was also a turnaround in Latin America at last, with the economies experiencing stronger growth in all areas. Reforms under-

taken over the past ten years also began paying off, with a reorganisation of the banking and financial systems, inflation brought back to measurable levels, and strong growth in direct foreign investments and exports.

In this environment of exceptional growth, the trend towards globalisation continued at an accelerated pace, with an increase in international transactions aimed at constructing multinational giants in what has become the global market. However, the collapse of several high-profile merger attempts and stronger antitrust legislation on both sides of the Atlantic helped tip the scales somewhat in favour of marriages of convenience, exploiting industrial synergies that were keenly welcomed by the markets. In the financial sector, the USD 34 billion takeover of JP Morgan by Chase Manhattan signalled the high point in a year marked by accelerated consolidation and exceptional profitability in the banking sector.

2001 looks set to be more bearish, and fears of a recession in the U.S.A. could negatively impact both Latin America and Asia.

... but a year in which the technology bubble burst and world stock markets suffered a serious correction...

World markets: Back to basics.

After the euphoria of 1999, the major financial markets continued to outperform in the early stages of 2000, driven by the mirage of the new economy. This trend came to an abrupt halt in mid-March when the bubble burst in the technology sector, where valuations had disconnected from underlying profitability. The upsurge in commodities, the cooling of the U.S. economy, increased profit warnings and the shockwaves from the first dotcom bankruptcies in the last months of 2000 exacerbated this phenomenon.

The Nasdaq plummeted 39% in 2000 and almost 50% from its peak during the spring months, to end the year at its June 1999 level. The new markets for European growth stocks followed the Nasdaq for better or for worse, ending the year well down, after progressing 145% in the first quarter in the French Nouveau Marché and close to 90% in the German Neuer Markt.

Shaken by the vertiginous fall in the technology, media and telecommunications

(TMT) sectors, the order of the day in financial markets is “back to basics”, with emphasis placed once again on the fundamentals of growth and profitability in traditional companies.

The Swiss Stock Exchange was one of the rare world markets to have registered any improvement during 2000, with the SMI progressing by 7.5%. This was buoyed by renewed activity in blue chips in the defensive pharmaceutical and food sectors, while TMT stocks took a hammering on the Swiss market, as elsewhere.

Stock market activities were also characterised by unprecedented volatility worldwide, with volumes well above average.

Financial markets ride out high volatility in interest rates, currencies and commodities.

Turbulence in the stock markets in 2000, coupled with sustained weakness of the euro, surging energy prices, the shaky economic situation in Japan and worries about a hard landing in the U.S. economy, contributed to record activities across the board in both regulated financial and over-the-counter (OTC) markets, as investors flocked to futures and derivatives to hedge their exposure.

Volumes in the OTC markets for derivative products picked up considerably in the first half of the year, with interest rate derivatives accounting for the lion's share. Notional exposure in interest rate derivatives reached USD 64,125 billion at 30 June 2000, up 19% on the year (Source: BIS). Volumes in derivative products traded on the regulated markets followed suit: a total of 236 million contracts were traded on the Paris Stock Exchange, a rise of 29%, while volumes in Germany were up by 28%.

Finally, derivative instruments continued to expand in non-financial products. In this sector, further deregulation of the energy market in Europe and in the Pacific Rim region boosted markets for commodity derivatives, which registered a year-on-year rise of 32% at 30 June 2000 (Source: BIS). Gold remained at the top of the list of traded commodities, but electricity, natural gas and oil also enjoyed buoyant markets. Other products, such as weather derivatives and emission allowances, while remaining marginal, made interesting inroads worldwide, no doubt benefiting from the ongoing debates over the greenhouse effect.

... while globalisation and new technologies continue to shape the financial sector.

New players moved in to occupy strategic positions on the financial scene...

The advent of new networking technologies was accompanied by a new generation of players offering trading services in the financial markets. The earlier moves towards consolidation in the banking sector and an incremental introduction to electronic trading in the regulated markets have given way to a more deep-seated trend. There has been a redefinition of the role of brokers over the past two years, and the emergence of new forms of brokering has brought new players onto the scene.

The first players in this technological revolution, the Electronic Communication Networks (ECNs), which offer their customers reduced transaction costs, greater execution transparency and extended trading hours, continued to gain ground in American markets, where they now account for up to 40% of daily volumes on the Nasdaq.

Even more recently, the European market was confronted with the arrival of new actors, including the Jigsaw exchange, a 60:40 joint venture, launched in November 2000 by OM Gruppen AB and Morgan Stanley Dean Witter & Co. At the same time, Consors announced that it intended to launch an electronic exchange aimed at private investors, and to this end purchased a 10% interest in the Berlin Stock Exchange.

On a broader level, numerous trading systems have been developed over the past two years, covering, with greater or lesser degrees of success, most financial and non-financial products. In the bond market, for example, the number of platforms catering to the American market has increased sevenfold in four years, reaching 73 at the end of 2000. This rise in the number of electronic exchanges for products such as bonds, electricity, currency options, etc., has served to fragment these markets, making the role of broker even more essential to provide market participants with liquidity and therefore with the fair price.

... engendering an immediate reaction from the world's major stock exchanges, caught up since the beginning of the year in the momentum towards globalisation, as they seek to unlock market value.

Efforts by these new players to enter the newly unified European market met with a spate of consolidations among the European Exchanges during the year. Amsterdam, Brussels and Paris were the first to make a move by announcing their merger on 21 March. The new entity, Euronext, allows cross-listed securities to be traded on a single exchange, while maintaining the individual national markets. A central clearing system should also be operational some time after June 2001 for all products traded on the three markets.

On 3 May, the Frankfurt and London Stock Exchanges in turn announced a planned joint venture, the iX (International Exchange). The project provoked severe criticism on both sides of the Channel, and quickly became unhitched when OM Gruppen AB, the Swedish operator and owner of the Swedish Stock Exchange launched a hostile takeover bid on the London Stock Exchange. The raid, which had failed at 31 December 2000, led the LSE to break off the proposed tie-up with Frankfurt.

Finally, the Zurich Stock Exchange decided to forge its own path, by joining forces with Tradepoint, the London-based electronic market, to create a pan-European equities market.

This consolidation movement extends well beyond the frontiers of Europe. The Chicago Mercantile Exchange is studying a possible partnership with the Tokyo Stock Exchange, while the Nymex is courting the London-based International Petroleum Exchange, and the Nasdaq is pushing for closer ties with the London and Frankfurt Stock Exchanges.

2001 should prove to be a year of substantial change as the major market players pursue their comprehensive development in an effort to adapt to a world where technology transcends all borders. Huge technological investments are required if they are to offer unified trading tools to a global clientele. With this goal in mind, Euronext and the Deutsche Börse following the example of the Stockholm Stock Exchange are seeking to fund a new round of consolidation through an IPO.

Year at a glance

February 2000

Compagnie Financière Tradition becomes a member of the South African Futures Exchange (SAFEX) through its newly created subsidiary, TFS Futures & Options Pty. Ltd.



June 2000



Compagnie Financière Tradition, through its American subsidiary, takes over the activities of ASIEL & Co. LLC, a founding member of the New York Stock Exchange, thereby becoming a member of the NYSE.

July 2000

Compagnie Financière Tradition and Garban Intercapital join forces to create the world leader in currency options brokerage, TFS-ICAP, operating on seven financial markets.

August 2000

TFS and the former New York energy group of Sakura Dellscher Inc. get together to create a leading broker of energy products and their derivatives in the United States: TFS Energy LLC.



October 2000

Symbol	Price	Change	Volume	Open	High	Low	Close
AMZN	34.12	-0.12	1,234,567	34.24	34.12	34.00	34.12
GOOG	205.12	+1.50	987,654	203.62	205.12	204.12	205.12
MSFT	26.12	-0.10	2,345,678	26.22	26.12	26.00	26.12
IBM	125.12	+0.50	1,567,890	124.62	125.12	124.12	125.12
ORCL	35.12	-0.20	1,890,123	35.32	35.12	35.00	35.12
YHPP	10.12	+0.05	3,456,789	10.07	10.12	10.00	10.12
MSM	15.12	-0.15	2,123,456	15.27	15.12	15.00	15.12
ELI	20.12	+0.10	1,678,901	19.97	20.12	19.87	20.12
AMC	18.12	-0.12	1,456,789	18.24	18.12	18.00	18.12

Creation of TFS Blackwood, a company specialised in day trading, which is due to open a trading room for professional traders, in London, in the second quarter of 2001.

December 2000

Compagnie Financière Tradition rents, through one of its affiliates, VIEL Eurovaleurs' brokerage operations in European government debt.

Milestones in the history of Compagnie Financière Tradition can be found at www.traditiongroup.com

February 2000 Compagnie Financière Tradition becomes a member of the SAFEX
Compagnie Financière Tradition becomes a member of the South African Futures Exchange (SAFEX) through its newly created subsidiary, TFS Futures & Options Pty. Ltd.

March 2000 Compagnie Financière Tradition signs an additional contract on TFS
Compagnie Financière Tradition purchases through its newly established, TFS & Co. in 100% interest in TFS Limited. The same day, Compagnie Financière Tradition is looking at TFS in 65.25%

June 2000 Tradition becomes a member of the NYSE
Tradition Inc. New York, now Tradition Asset Services, is the subsidiary of Compagnie Financière Tradition, takes over the operations of Asiel & Co. LLC, one of the founding members of the New York Stock Exchange. The agreement makes the TRADITION Group to become a member of the NYSE and NASDAQ, and to accept the steady expansion of its securities brokerage arm.

Information for shareholders

At 31 December 2000, the share price stood at CHF 215, with a market capitalisation CHF 279.0 million.

Share performance

After surging ahead 200% in 1999, Compagnie Financière Tradition shares continued their rise in 2000, reaching CHF 215 on 31 December 2000, a year-on-year increase of 18.8%. This very strong performance compares well with all world benchmark indices, outperforming the SMI, which progressed 7.5% over the year and was one of the rare major stock markets to have generated an overall gain.

Volumes traded continued to rise and confirmed investor interest in the stock.

The share price peaked at CHF 290 in March, following the release of record results for 1999, then dropped back before firming again in August in response to the release of half-yearly turnover figures and again in September after half-yearly results announced a continuing improvement in Compagnie Financière Tradition's main operating ratios.

Share capital

• Evolution during the year 2000

Share capital at 31 December 1999, stood at CHF 1,268,350, consisting of 12,683,500 shares of CHF 10.

It was increased by CHF 291,500 in April 2000 through the creation of 29,150 new bearer shares of CHF 10, following the exercise of share options. This increase, accompanied by a share premium of CHF 682,110, brought Compagnie Financière Tradition's share capital to CHF 12,975,000 at 31 December 2000.

• Proposed share split

The Board of Directors is seeking shareholder approval to split each bearer share of CHF 10 into two, thereby reducing the nominal value of the Company's shares from CHF 10 to CHF 5. Implementation of the decision to reduce the nominal value of bearer shares to CHF 5 will be subject to the amendment of Article 622 (4) of the Code of Obligations.

Stock market data

	2000	1999
Share price at 31 December	CHF 215.00	CHF 181.00
Number of shares at 31 December	1,297,500	1,268,350
Market capitalisation at 31 December (CHF million)	CHF 279.0	CHF 229.6
Price Earnings Ratio	9.95	13.74
Net consolidated profit per share*	CHF 21.89	CHF 13.22
Net dividend per share	CHF 6.00	CHF 5.00

* based on the weighted average number of shares outstanding in each year

www.traditiongroup.com

A website devoted to shareholder information:

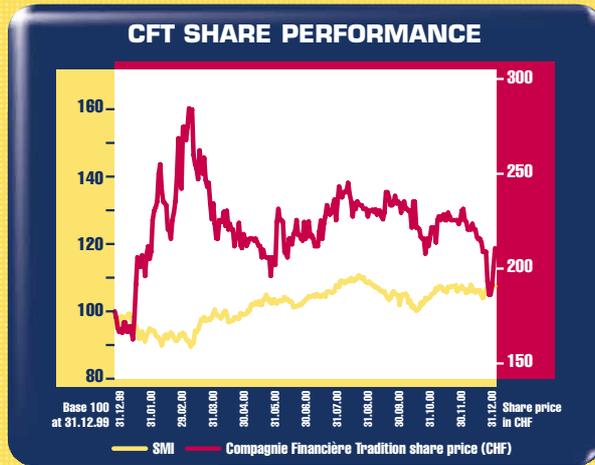
- > Share price
- > Press releases
- > Press review
- > Shareholders' forum
- > Financial analysis
- > Financial information

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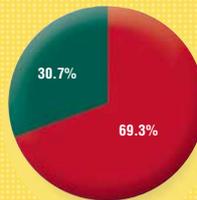
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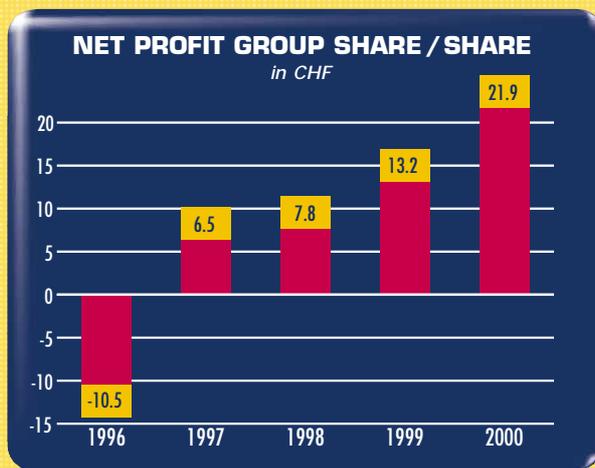
SHARE CAPITAL at 31 December 2000

The 69.28% equity voting rights held by VIEL & Cie, Paris, are exercised indirectly through Financière Vermeer B.V.,



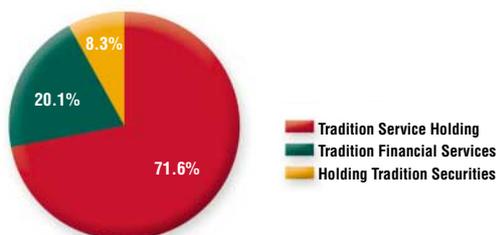
Amsterdam, wholly owned by VIEL & Cie, which itself was 57.28% held by VIEL & Cie Finance at 31 December 2000.

■ VIEL & Cie
■ Public



Compagnie Financière Tradition intensified its professional brokerage activities in 2000, with consolidated turnover up 30% on the year at CHF 645.1 million. The operating margin also rose strongly, with net profit-Group share reaching CHF 28.0 million, up by 68% over the previous period. Strategic partnership arrangements and external growth operations were also stepped up, with the Company strengthening its competitive position across a broader portfolio of products, while accelerating the integration of new technologies into all its business activities.

TURNOVER BY GEOGRAPHICAL AREA



TSH Group

Tradition Service Holding, the traditional core of Compagnie Financière Tradition's brokerage activities, ranks among the top three global players in pure brokerage in money markets, interest rate derivatives, developing country debt and credit derivatives.

Continental Europe

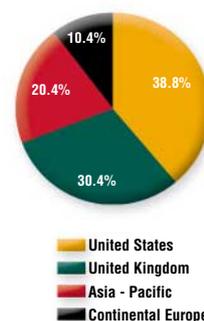
Tradition Service Holding acts as a broker in over-the-counter (OTC) markets, functioning as the transaction partner between two counterparties and earning a commission on such trades. It has a much larger footprint in continental Europe than any of its principal competitors, realising over 10% of its activities from its operations in Lausanne, Luxembourg, Milan and Paris. These desks primarily serve a local clientele, registering a

global turnover of CHF 48.1 million in 2000. This figure remained virtually unchanged from the previous period, despite the continuing consolidation in the banking sector. Underlying this performance was the favourable development of activities in Lausanne, Milan and Paris, while the Luxembourg desks registered a slight decline in business.

United Kingdom

With an experienced team of 242 brokers, Tradition (UK) Ltd. continued to build on its success, generating a turnover of CHF 140.2 million in 2000, a year-on-year increase of 12%. These encouraging results were obtained despite the difficult market climate, marked by low interest rate volatility, which affected most of its competitors. Tradition (UK) Ltd. maintained its leadership in its core sector of interest rate derivatives,

TSH TURNOVER BY GEOGRAPHICAL AREA





773 BROKERS
14 OFFICES
IN 11 COUNTRIES

71,6%
of consolidated
turnover

PURE BROKERAGE IN:

- Money markets
- Interest rate derivatives (forwards, swaps, options)
- Emerging markets
- Credit derivatives



in both euro and sterling operations. The recruitment of teams in 1999, to develop traditional brokerage activities, also produced excellent results in 2000, with a substantial improvement in both market share and product profitability. Finally, the Company continued its successful development of new business activities, particularly in the emerging markets sector, where “exotic” products, such as the Turkish lira and African rand, generated strongly increased revenues and satisfactory profitability. Tradition (UK) Ltd. is now firmly ensconced as an important player in the City, and should benefit from more favourable market conditions in 2001.

United States

The Company further built on the success of its business activities in the U.S.A., which now represent close to 40% of its consolidated turnover, against 25% in 1999. Newly located in more spacious premises since the end of 1999, Tradition (North America) Inc. and its subsidiary, Tradition Asiel Securities Inc. took advantage of the consolidation movement among its competitors to attract new teams to its ranks, bringing the number of brokers to 212 at the end of 2000, compared to 160 the previous year. Against this favourable background, Tradition (North America) Inc. scored substantial gains in market share in each of its brokered products, with turnover up by 60% on a like-for-like basis.

On 30 June 2000, Tradition (Government) Securities Inc. took over the operations of Asiel & Co. LLC, one of the founding members of the New York Stock Exchange back in 1878, changing its name to Tradition Asiel Securities Inc. This merged entity has now become a member of the NYSE, offering clients a broad portfolio of products covering all fixed interest securities, as well as equities and equities arbitrage. Including these operations, Tradition Service Holding’s turnover in the U.S.A. more than doubled in 2000, with profitability increasing strongly. This trend is expected to continue in 2001, powered by the exploitation of synergies between these activities and Tradition Service Holding’s other desks around the world.

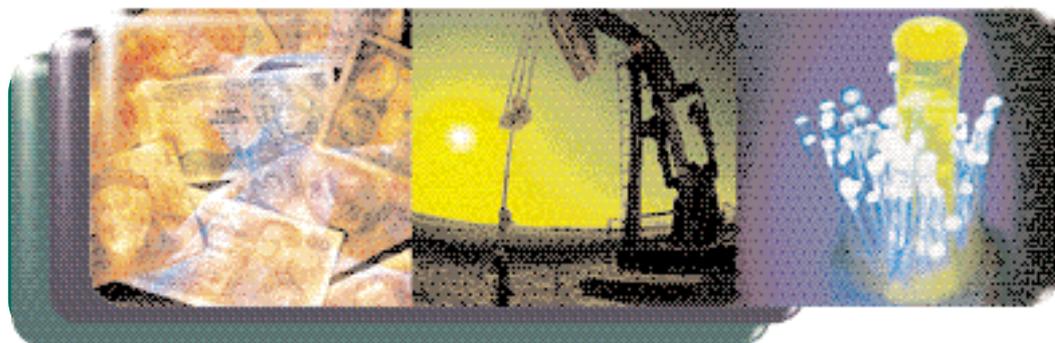
Asia

The Company realised over 17% of its consolidated turnover in Japan, through its subsidiary, Meitan Tradition Co. Ltd., in which it has a 55% controlling interest. Meitan Tradition Co. Ltd. continued to build

on its success in the region, with turnover up 16% in 2000. It maintained its leadership position in the medium-term yen swaps market, where it enjoys a market share approaching 40%. The new team, recruited at the end of 1999 for spot currencies in dollar/yen and euro/yen operations, quickly asserted itself as the leading broker in this market, offering quality service to its clients. Finally, Meitan Tradition Co. Ltd. consolidated its position in the important forwards markets, particularly in dollar/yen transactions. Meitan Tradition Co. Ltd. is expected to consolidate its leadership in 2001.

The persistent sluggishness of the Japanese economy continued to negatively impact the Asian financial markets, such as those in Hong Kong and Singapore, which were also confronted with a reduction in the number of banks in the region. Against this adverse trading background, Ong Tradition Singapore (Pte) Ltd., 49% owned by Tradition Service Holding, again suffered declining revenues, while maintaining its leadership position in the market for dollar deposits. However, having kept a tight rein on operating costs, Ong Tradition Singapore (Pte) Ltd. returned to profit after two years of minor losses. In Hong Kong, Tradition (Asia) Ltd. registered an increase in activities, despite the morose trading climate, buoyed by new activities launched in 1999 in two areas: credit derivatives and Switchfix. The latter is an online tool developed by Tradition (Asia) Ltd., designed to allow automatic clearing of residual risk positions in swaps. Finally, China’s impending admission to the World Trade Organisation in 2001, and the liberalisation of the Chinese financial markets expected to result from it, should favourably impact Tradition Service Holding, which should benefit from a privileged position in this market through its representation desk, opened in Beijing in 1997 by Compagnie Financière Tradition.

With consolidated net profit reaching CHF 29.6 million, compared with CHF 15.1 million in 1999, Tradition Service Holding confirmed the excellent orientation of its business activities. In 2000, the Company consolidated its market shares and profitability in the world’s three principal financial markets, London, New York and Tokyo, while maintaining regional teams that allowed it to grow its client base.



TFS Group

TFS, 68.4% owned by Compagnie Financière Tradition, has been pursuing a two-pronged strategy over the past eighteen months. Its prime focus was to enhance its competitive position in traditional core operations, by securing strategic partnerships with a number of its competitors. In July 2000, the Company merged its activities in currency options with those of its closest competitor, Garban Intercapital, creating the world's leading brokerage company in the sector. The new division, TFS-ICAP, with offices in London, Copenhagen, Frankfurt, New York, Sydney, Tokyo and Singapore, boasts very substantial trading volumes and has cornered a large part of the market for currency options.

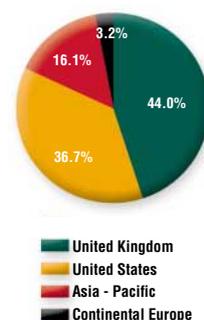
In August, TFS merged its U.S. energy operations with those of another competitor, Sakura Dellscher Inc., to form a new company, TFS Energy LLC and its subsidiary, TFS Energy Futures LLC, an introducing broker on the NYMEX. This move will give TFS critical mass in a broad range of energy-related products in the fields of electricity, natural gas, coal, emission allowances, weather derivatives and bandwidth capacity, in both over-the-counter (OTC) markets and on the NYMEX.

These two joint ventures give TFS a strategic presence in the key sectors of energy and currency options. The Company also expects to realise economies of scale from the broader portfolio of products and extended client base.

In an effort to further streamline profitability, the Company undertook an important restructuring of its traditional activities during the year. In Japan, equity derivatives operations at its loss-making Tokyo office were wound down.

Since 1999, while underscoring its traditional operations, TFS has pursued a policy of selective expansion into new activities related to its original core businesses: Capstone Global Energy LLC, created in June 1999 and 50% owned by TFS, provides energy-related consulting services. Its broad client base comprises participants in the world's deregulating and restructuring energy markets. The Recruitment Company, created in September 1999, specialises in job placement in the financial and new technologies sectors. Equitek Capital, created in July 2000, is a venture capital company. TFS Blackwood LLC, created in October 2000, is

TFS TURNOVER BY GEOGRAPHICAL AREA





232 BROKERS
12 OFFICES
IN 9 COUNTRIES

20.1%
of consolidated turnover

PURE BROKERAGE IN:

- Currency options
- Equity derivatives
- Precious metals
- Energy
- Pulp and paper

RECRUITMENT

VENTURE CAPITAL

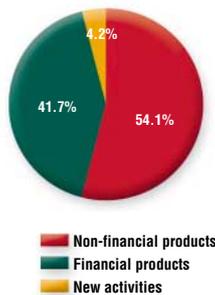
DAY TRADING



a company specialised in day trading, which is scheduled to open the first trading room, in London, in the second quarter of 2001. The Company will be offering individual professional traders direct access to American Stock Exchanges.

Consolidated turnover remained virtually unchanged from the previous year, at CHF 130.1 million. An analysis of the situation is shown below:

TFS TURNOVER BY SEGMENT



Financial products

Brokerage activities in financial products now represent 41.7% of aggregate turnover, compared with 49.7% in 1999.

Underlying this relative slide was the more hostile environment for currency options over the past two years. This sector has been negatively impacted by the implementation of the single currency and consolidation in the banking sector, while the disappearance of several formerly significant participants has drained liquidity in this market.

TFS continued to grow its operations in equity derivatives, with the creation of a South African subsidiary, TFS Futures & Options Pty. Ltd., a member of the South African Futures Exchange (SAFEX). The business conducted on this “virtual exchange” is handled by TFS’s London office, allowing TFS to grow its activities in the British capital. The Company is now strongly positioned in Europe, the leading world market for equity derivatives. In Asia, the Company decided to close its Japanese operations, following a sharp fall-off in business activities, while retaining a slimmed down team in Hong Kong.

Non-financial products

Consolidated turnover for brokering activities in non-financial products reached CHF 70.4 million, up 11% on the previous year.

After a strong rise in the fourth quarter of 1999, gold prices dropped back to settle at between USD 262 and 310 an ounce throughout 2000. This weakness led producers and investment fund managers to limit hedging operations, while the major banks trimmed back activity in this market. This environment negatively impacted TFS which, while maintaining its leadership position in the gold market, suffered a sharp slowdown in its brokerage activities in precious metals.

Activities in a wide range of energy derivatives developed very satisfactorily in 2000, and now represent 38% of TFS’s consolidated turnover. This strong showing includes a substantial contribution from TFS Energy LLC, which developed its activities in natural gas in the U.S.A. and Canada, and strengthened its presence in the market for weather derivatives and emission allowances. In the electricity sector, TFS again benefited from the deregulating markets - with its London, Frankfurt and newly created Australian offices all turning in good performances - while strengthening its market share in the United States. Stronger oil prices throughout 2000 boosted brokerage earnings in the United Kingdom in this sector, although the Asian market was rather more sluggish. Finally, moves to develop the pulp and paper market were amply rewarded in 2000 when TFS negotiated the largest ever fixed-price transaction in the market, establishing it as the leading broker in this fledgling sector.

These new activities and the loss-making operations in Japan, which were wound down at the end of the year, weighed heavily on profitability, with consolidated net profit declining steeply to CHF 0.8 million.

HTS Group

Holding Tradition Securities, a wholly owned subsidiary of Compagnie Financière Tradition, handles all brokerage activities in the financial futures markets, as well as the equity and bond products of Tradition Securities And Futures S.A. and its subsidiary, MIA. The Company's consolidated turnover reached CHF 53.3 in 2000, an increase of 35% over the previous period, with net results at breakeven point.

Tradition Securities And Futures S.A. (formerly STAFF S.A.), in which Holding Tradition Securities took a 78% controlling interest in September 1998, is a major broker in the European financial futures markets, and a leader in options. Tradition Securities And Futures S.A. is a member, directly or through its London subsidiary, of the MATIF, Eurex and LIFFE.

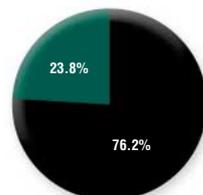
The European financial futures markets were strongly dominated by the Eurex in 2000, which represented 62% of volumes traded, primarily as a result of its landmark contract on the bund. The MONEP, LIFFE and MATIF followed, trading roughly equivalent volumes. Tradition Securities And Futures S.A. continued to grow its Paris- and London-based operations during the year, registering a global increase in turnover of 18.8%, at CHF 31.3 million.

The Company also enhanced its geographic footprint with the opening of a Lausanne branch in August 2000. This operation offers its predominantly Swiss clientele a complete portfolio of exchange-traded interest rate and currency products in both Europe and in the United States.

During the year, Tradition Securities And Futures S.A. also developed the activities of its subsidiary, Prominnofi, a specialist screen-based broker dealing in French government securities for primary dealers in France and elsewhere. Prominnofi, which was taken over by Tradition Securities And Futures S.A. at the end of 1999, registered a turnover of CHF 5.3 million. The two companies merged at the end of 2000.

Finally, on 27 December 2000, Tradition Securities And Futures S.A. rented the

HTS TURNOVER BY GEOGRAPHICAL AREA



Continental Europe United Kingdom

business of VIEL Eurovaleurs, a subsidiary of VIEL & Cie, majority shareholder of Compagnie Financière Tradition, specialised in pure brokerage in French and European government debt. This management rental will enable Tradition Securities And Futures S.A. to complete its portfolio, offering pure brokerage services in addition to matched principal activities in French government securities, and situate it among the leading French brokers of government securities.

MIA, 55% owned by Tradition Securities And Futures S.A., a brokerage company specialised in the French equities market, continued to grow its business, with turnover up by more than 50%. In parallel with its traditional core brokerage activities, MIA focused on the primary market, devoting important resources to developing this business. Its efforts were highly successful, and the Company participated in 18 IPOs during the year, primarily on the non-regulated market.

Compagnie Financière Tradition continued to strengthen its securities brokerage arm. In addition to operations conducted by Holding Tradition Securities, the successful development of activities at Tradition Asiel Securities Inc., in American securities, Tradition (UK) Ltd. in warrants and convertible bonds, and TFS in the sector of equity derivatives, enabled Compagnie Financière Tradition to realise close to 26% of its consolidated turnover in the securities markets - 10% of which was on equities and equity derivatives - and will gradually establish it as a world leader in this sector.



**72 BROKERS
4 OFFICES
IN 3 COUNTRIES**

8.3%
of consolidated turnover

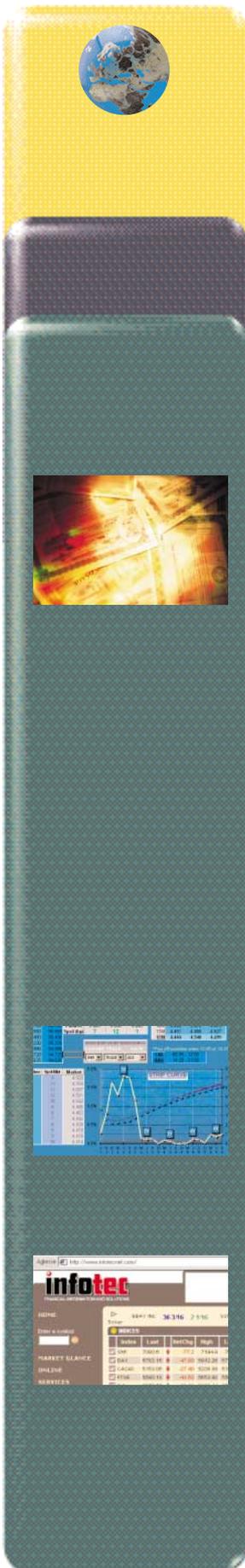
BROKERAGE IN:

- Equities
- Government and private bonds
- Financial future markets

IPOs:

- Initial public offerings





Clearing Activities

Compagnie Financière Tradition created a dedicated clearing company, Holding Tradition Clearing, which controls Tradition (Global Clearing) Inc. in the United States and Tradition London Clearing Ltd. in London, a company created in 1999. These two companies act as principals for the benefit of all affiliates of the Group, with the exception of Tradition Securities And Futures S.A., able to handle such transactions directly.

By using Tradition (Global Clearing) Inc. and Tradition London Clearing Ltd., clients of the different affiliates of Compagnie Financière Tradition may, if they so wish, carry out transactions without revealing their market position. Tradition (Global Clearing) Inc. and Tradition London Clearing Ltd. intervene in this instance as a screen between

the counterparties, by taking two simultaneous positions that are cleared instantly. Tradition (Global Clearing) Inc. has been a member of the GSCC (Government Securities Clearing Corporation) since the American repos market switched to a principal brokerage mode.

All matched principal activities are controlled by a credit committee that sets the limits allocated to each counterparty and ensures they are respected. These operations, which respond to a growing demand among Tradition's clients, represent around 5% of consolidated revenues. The risk taken by Compagnie Financière Tradition on such operations is limited, since the majority of these transactions were carried out with the GSCC.

Technology Affiliates

Several years ago, Compagnie Financière Tradition identified the two major phenomena that would change the face of the financial markets - a convergence of regulated and OTC markets and the growing importance of new-wave technologies in the financial sector. Over the past two years, the financial markets have undergone a profound technological revolution, characterised by the emergence of new players and the implementation of strategic alliances that have gradually redrawn the world financial landscape.

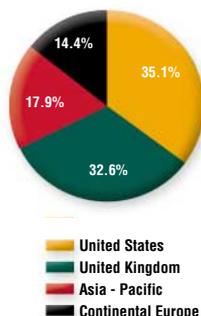
Against this backdrop, in March 1999, Compagnie Financière Tradition took a significant equity stake in Infotec S.A., a Swiss company specialised in providing online financial information and in the development of online financial management application programmes. This stake is underscored by a strategic and commercial partnership, which has enabled Compagnie Financière Tradition to equip its trading rooms with cutting-edge technology. In the medium-term, this should allow it to leverage better value from its available market information capital.

During the year, Compagnie Financière Tradition also acquired a 60% holding in StreamingEdge.com Inc., an American company which develops software that allows the delivery of live streaming data directly to the user via the Internet. This streaming technology has been used by Compagnie Financière Tradition in the development of a transactional platform for its subsidiary, Tradition Securities And Futures S.A., which should be offering its clients a dedicated online trading platform for government securities some time in the second half of 2001. The Internet standards used by this platform will make it quicker and cheaper than all other products available to date.

These early-stage projects weighed on profitability during the year, but are expected to establish Compagnie Financière Tradition as a cutting-edge technology oriented broker, offering clients an important value added service and innovative transactional platforms.

Group Profits

**TURNOVER
BY GEOGRAPHICAL AREA**



Consolidated turnover reached CHF 645.1 in 2000, compared with CHF 496.6 million in the previous period, generating an operating profit of CHF 51.4 million, up 46% on the year, for an operational performance of 8.0% of turnover, against 7.1% in 1999 and 5.5% in 1998.

These very encouraging figures reflect the Company's firm grip on operating expenses, particularly in the area of costs of telecommunications and purchasing financial information, which declined further to 9.0% of consolidated turnover against 9.6% in 1999. Compagnie Financière Tradition benefited from the overall structural drop in prices in this market, further accentuated by continual renegotiation of its principal contracts. The Company should also be able to leverage better value from its available market information capital in 2001, in order to reduce its cost of purchasing financial information and, in the medium-term, to become a net seller of information.

The Company actively recruited new teams during the year, which had a slightly negative impact on personnel costs, which reached 66.7% of consolidated turnover against 66.0% in 1999. The movement towards consolidation, begun two years ago among financial brokers and more generally throughout the banking sector, should gradually lighten the pressure on brokers' salaries and allow the Company to further improve its operating margin.

Net financial income rose to CHF 15.5 million, against CHF 9.1 million in 1999. Compagnie Financière Tradition, through its subsidiary, MIA, held a 1.7% interest in ParisBourse^{SBF} S.A., on which it received a dividend of CHF 1.2 million in 2000, in addition to a gain of CHF 3.7 million recognized at the time of the merger of the French, Belgium and Dutch Stock Exchanges within Euronext N.V., in which it now holds an indirect 0.93% equity stake. The Company also recognised net interest income and exchange gains of CHF 9.5 million during the period.

Pre-tax profit reached CHF 66.9 million compared with CHF 44.2 million in 1999. The Company took a consolidated tax charge of CHF 31.5 million, or 47% of pre-tax profit, compared with 45% in 1999. This slight increase came on the back of deficits registered by a number of TFS subsidiaries, and the using up of all of the tax loss carry-overs of Meitan Tradition Co. Ltd. at the end of 1999. Compagnie Financière Tradition launched an in-depth study in 2000 to rationalise its organisation and so improve its consolidated tax rate. The first measures are expected to bear fruit some time in the second half of 2001.

The contribution of subsidiary undertakings, consolidated under the equity method, showed a deficit of CHF 1.9 million in 2000 and included the Company's share of net losses from Infotec S.A., of CHF 2.2 million, and net income of CHF 0.3 million from Govdesk LLC.

Consolidated net profit rose by 77% to reach CHF 33.5 million in 2000, including CHF 28.0 million Group share, up 67.8% compared with 1999. This performance represented a return of 21.0% on consolidated equity at 31 December 1999. At 31 December 2000, shareholders' equity stood at CHF 176.4 million - of which 146.6 million for the Group share - with a consolidated net cash position of CHF 89.9 million, reflecting the Company's robust financial situation.

**OPERATING
MARGIN**

8.0%

NET MARGIN

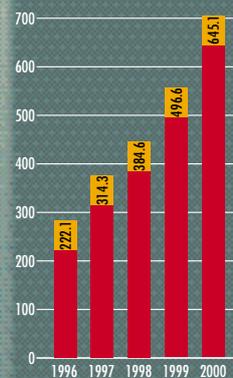
5.2%

**RETURN ON
EQUITY**

21.0%

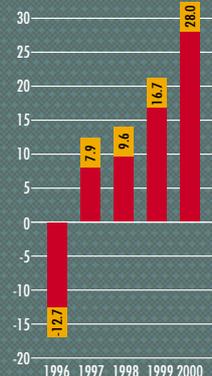
**CONSOLIDATED
TURNOVER**

in millions of Swiss francs



**NET PROFIT
GROUP SHARE**

in millions of Swiss francs



Company Results

On 1 July 1998, Compagnie Financière Tradition transferred its commercial brokerage activities in the capital markets to Tradition S.A., Lausanne. Since then, Compagnie Financière Tradition has become a pure holding company, and no longer exercises any form of operational activity.

Company results for 1999 and 2000 cover only these pure holding activities. Dividends from subsidiary undertakings amounted to CHF 1.6 million during the period, while other operating income amounted to CHF 1.3 million. Financial income stood at CHF 3.6 million.

Operating expenses were significantly lower at CHF 3.0 million compared with CHF 5.3 million in 1999.

In 2000, as in 1999, the Company recorded a net write-back of provisions for depreciation of its equity investments, which reached CHF 12.6 million in 2000 against CHF 15.6 in 1999. This situation reflected the marked improvement in profitability of its subsidiary Tradition Service Holding, whose consolidated equity reached CHF 29.6 million, compared with CHF 6.8 million the previous year.

After taking a tax charge of CHF 0.2 million, net profit for the year amounted to CHF 15.2 million against CHF 20.3 million in 1999, bringing shareholders' equity to CHF 128.9 million.



Outlook

The profound changes affecting the brokerage industry, where Compagnie Financière Tradition is now a major player, are likely to continue and even accelerate during the coming year. The technological developments that have been taking shape over the past few months, with the increasing role of electronic platforms and the gradual emergence of new forms of information distribution, could lead to a reconfiguration of the competitive landscape.

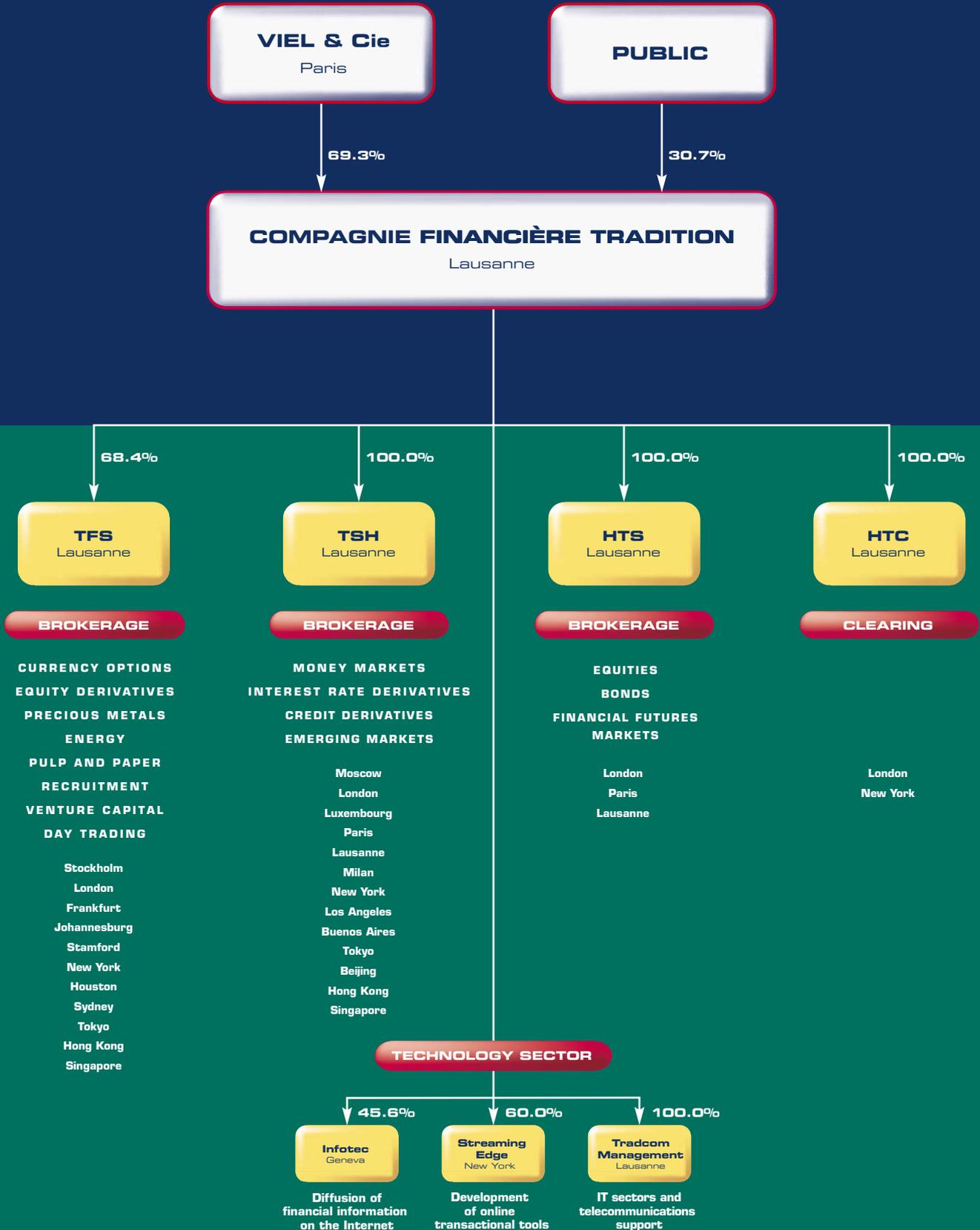
Against this backdrop of a profoundly changing environment, Compagnie Financière Tradition increased its strategic partnerships and mergers during the year. It will continue selectively to analyse opportunities as they arise, in a drive to strengthen its effective presence in a number of markets and products through the acquisition of teams or companies, in line with its

commitment to maintain profitability. The Company is also committed to building on its leadership position in a number of markets in order to leverage better value from its market information.

The technological partnerships initiated over the past two years will enable the Company to consolidate its role as a forerunner in the new finance-oriented technologies over the next few months. This is part of its policy to provide innovative responses to clients' needs by integrating high value-added teams and transactional systems based on cutting-edge technology.

Finally, the Company is committed to promoting its image, as a listed company, with both Swiss and foreign investors.

Organisation chart at 31.12.2000



Note : Names of companies and their percentage shareholdings are detailed in the Notes to the consolidated financial statements on pages 24 and 25.