

CREATED IN 1959, AND LISTED ON THE SWISS STOCK EXCHANGE SINCE 1973, COMPAGNIE FINANCIÈRE TRADITION IS ONE OF THE WORLD'S TOP FIVE BROKERS IN OVER-THE-COUNTER (OTC) FINANCIAL MARKETS, AND NO. 1 FROM CONTINENTAL EUROPE. WITH A PRESENCE IN 14 COUNTRIES, CFT OFFERS A BROAD PORTFOLIO OF BOTH FINANCIAL (MONEY MARKETS, CURRENCIES, INTEREST RATE DERIVATIVES, CREDIT DERIVATIVES, STOCKS AND BONDS, ETC.) AND NON-FINANCIAL PRODUCTS (PRECIOUS METALS, ENERGY, PAPER, ETC.) TO A CLIENTELE PREDOMINANTLY CONSISTING OF FINANCIAL INSTITUTIONS.



Compagnie Financière Tradition



www.traditiongroup.com

COMPARATIVE CONSOLIDATED RESULTS

| CHF (000s) | 1 st HALF 2000 | 1 st HALF 1999 | YEAR 1999 |
|--|------------------------------|------------------------------|------------------|
| Net revenues | 318,269 | 236,814 | 496,598 |
| Other operating income | 246 | 362 | 1 440 |
| OPERATING INCOME | 318,515 | 237,176 | 498,038 |
| Employee compensation and benefits | - 206,406 | - 152,840 | - 327,607 |
| Other operating expenses | - 75,034 | - 60,369 | - 127,876 |
| Depreciation and other provisions | - 4,578 | - 3,658 | - 7,459 |
| OPERATING EXPENSES | - 286,018 | - 216,867 | - 462,942 |
| OPERATING PROFIT | 32,497 | 20,309 | 35,096 |
| Net financial income | 5,182 | 5,584 | 9,060 |
| PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS | 37,679 | 25,893 | 44,156 |
| Associated undertakings | - 1,048 | 60 | - 1,181 |
| Taxes | - 19,148 | - 10,578 | - 19,711 |
| NET PROFIT | 17,483 | 15,375 | 23,264 |
| Group share | 15,683 | 11,274 | 16,707 |
| Minority interests | 1,800 | 4,101 | 6,557 |

CFT REAFFIRMS ITS POSITION AS A WORLD LEADER IN THE FINANCIAL BROKERAGE

Compagnie Financière Tradition posted a rise of 34% in consolidated first half revenues of CHF 318.3 million, compared to CHF 236.8 million in the same period last year. These revenues include the contributions of VIEL Tradition SA, which took over the intangible business assets of VIEL & Cie on 1 April 1999, and Prominnofi, a broker specialising in matched principal transactions on European government debt, in which CFT

acquired a controlling interest in November 1999. Stated on the former basis of consolidation and at constant exchange rates, this increase in consolidated revenues represents a rise of 17.9%.

The financial brokerage operations of Compagnie Financière Tradition (CFT) are grouped into three core branches, according to product categories. Their contribution to consolidated revenues was as follows:

| CHF millions | 1 st HALF 2000 | 1 st HALF 1999 | YEAR 1999 |
|---|------------------------------|------------------------------|--------------|
| • Money market products, interest rate derivatives, emerging markets and credit derivatives | 225.8 | 155.2 | 328.4 |
| • Currency options, equity derivatives and commodities | 64.4 | 59.5 | 128.7 |
| • Securities | 28.1 | 22.1 | 39.5 |
| TOTAL | 318.3 | 236.8 | 496.6 |

Tradition Service Holding (TSH), a broker active in money markets products, interest rate transactions, emerging markets and credit derivatives, recorded a sharp rise of 46% in its first half consolidated revenues, to CHF 225.8 million. This increase came on the back of sustained development in the U.S. operations of Tradition Service Holding, following the recruitment of new teams. American activities accounted for over 30% of the consolidated income of TSH in the first half of 2000, compared with 24% last year. TSH also continued to develop and grow its activities in London and Tokyo, primarily in interest rate derivatives, while strengthening its presence in continental Europe.

Tradition Financial Services (TFS) a broker specialised in currency options and equity derivatives, and in non-financial products such as precious metals and energy, posted a disappointing first half. Consolidated revenues for the period stood at CHF 64.4 million, a drop of 2.6% at constant exchange rates. TFS nevertheless continued deployment of two new sectors of activity launched in 1999, such as Capstone Global Energy, a company providing brokerage consulting and services in the field of energy, and The Recruitment Company (TRC), a recruiting firm based in Hong Kong and New York.

CFT's third core business - Holding Tradition Securities (HTS) - created at the end of 1997 and specialised in the field of pure brokerage in the securities and exchange markets, saw consolidated revenues rise by almost 27%, to CHF 28.1 million. HTS bolstered its presence in the market for European government debt with the takeover of Prominofi at the end of 1999. This matched principal broker, based in Paris and Frankfurt, accounted for almost 10% of HTS's revenues during the period.

CFT's consolidated operating profits jumped to CHF 32.5 million, a year-on-year increase of over 60%. Operating margins also showed satisfactory growth reaching 10.2% of consolidated revenues compared with 8.6% during the first half of last year. This strong showing reflected a steady improvement in the Tradition Group's principal operating ratios: telecommunications and costs of purchasing information now represent 8.3% of consolidated revenues, against almost 12% two years earlier. Personnel costs remain stable at 64.8% of consolidated revenues, but are more flexible.

Financial income was down slightly at CHF 5.2 million compared with CHF 5.6 million in the first half of 1999. It includes foreign exchange gains of CHF 1.8 million against CHF 1.6 million year earlier, dividends of CHF 1.2 million on equity holdings, compared with CHF 1.7 million, and financial income from reinvestment of consolidated net cash.

Consolidated pre-tax profit was significantly higher at CHF 37.7 million, compared to CHF 25.9 million, a year-on-year rise of 46%. A loss on

associated undertakings of CHF 1 million primarily reflected CFT's share in the losses of Infotec, a Swiss company specialising in the distribution of financial information on the Internet, in which CFT acquired a 47% stake in July 1999.

The Tradition Group took a tax charge of CHF 19.1 million, almost 51% of pre-tax profits, compared with 41% in the first half of 1999. CFT's main priority now is to rationalise the Group's legal and tax position, in order to bring its average tax rate down to a more reasonable level.

Including this tax charge, CFT's consolidated net profit stood at CHF 17.5 million, up 14% on the first half of 1999.

Net profit Group share reached CHF 15.7 million, a year-on-year rise of 39%. This performance brings annualised return on consolidated equity to almost 24%. The latter reached CHF 166.6 million at 30 June 2000 – CHF 140.9 million Group share – for a consolidated net cash position of CHF 118.1 million.

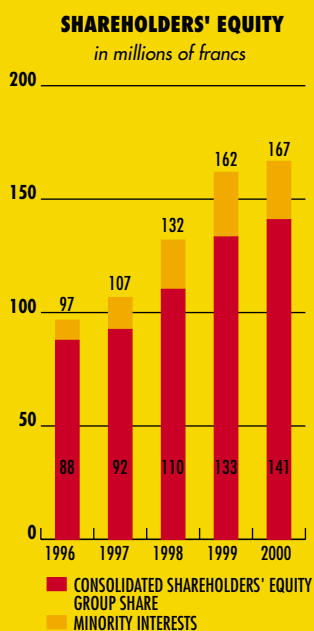
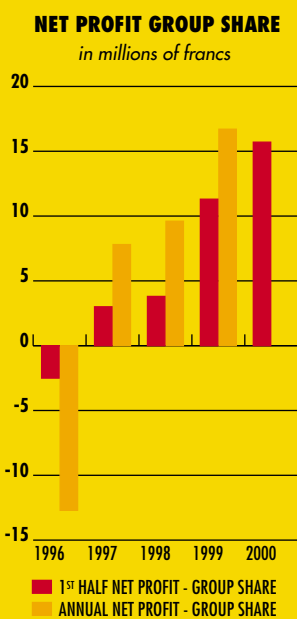
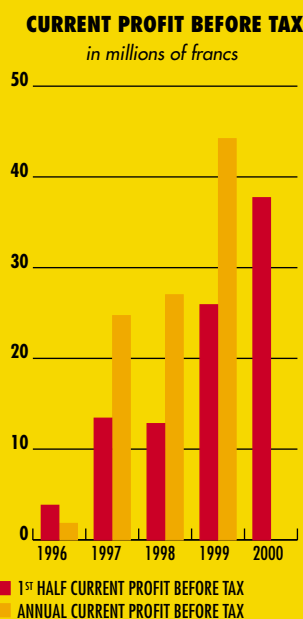
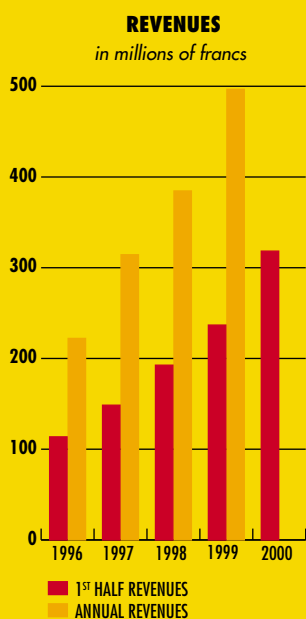


The Tradition Group continued to grow and develop its global activities during the first half by strengthening its presence in the United States. These moves will allow it to offer clients a broad-based network across the three major international financial markets – London, New York and Tokyo – while maintaining its strategic position in continental Europe.

Tradition also conducted an active policy of partnerships and acquisitions, which materialised during the summer of 2000. On 1 July 2000, Tradition (Government Securities) Inc., New York, a CFT subsidiary, took over the activities of ASIEL & Co L.L.C., one of the founding members of the New York Stock Exchange, subsequently becoming a member of the NYSE and AMEX. This agreement significantly bolstered the Group's presence in the U.S equity markets, with a new team that should develop rapidly by exploiting the existing synergies with the Group's network.

Through its TFS subsidiary, the Tradition Group formed innovative partnership arrangements with two of its competitors, to enhance its market share and offer its clients increased liquidity. First, in the field of currency options, TFS and Garban-Icap agreed to converge their over-the-counter [OTC] brokerage activities within a new division - TFS-ICAP – which will have units in London, Frankfurt, Copenhagen, New York, Sydney, Tokyo and Singapore. TFS will retain control of all of these local entities. Then, on 1 August 2000, TFS merged its U.S. activities in the energy sector with those of Sakura Dellscher Inc., creating a new subsidiary, TFS Energy LLC.

The second half of 2000 should see the Tradition Group confirm the good orientation of its activities, while reaping the benefits of its recently concluded partnerships and acquisitions.



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