1999

A PIVOTAL YEAR

1999 will be remembered as a pivotal year for the economy and markets, and certainly one of the most eventful of the century. After several years of turbulence (the crises in Asia in 1997, and Russia in 1998, followed by shock waves in the banking world in the wake of the LTCM hedge fund crisis), 1999 saw the emergence of a new world economy, characterised by growing internationalisation, the unprecedented spread of new information and communication technologies, and continuous innovation.

It was also a milestone year for the European Union, with the introduction of the single currency. Although the euro's performance against the dollar proved disappointing, it set the stage for an extensive European securities market.

1. The new economy was a driving force behind world economic growth in 1999 …

After the first hesitant months, marked by upheavals in the European markets and a new series of problems in Latin America, the year ended on a note of general euphoria.

Europe, which had spent much time and resources on preparing for the introduction of the euro, finally emerged from its stupor. After a very uneventful start to the year, compounded by the aftermath of the Asian financial crisis, there was a general pick up in the European economies, which achieved a growth rate of almost 3% in the fourth quarter. France enjoyed the strongest growth of the three major countries in the euro zone.

In the United States, which registered its ninth consecutive year of growth, an unprecedented long cycle, characterised by strong investment in new technologies, productivity gains and an absence of inflationary tensions, the growth rate reached close to 4% during the year.

Finally, there were the developing countries, which at last seemed to be emerging from their systemic crisis. The Asian countries were on the road towards solid growth on the back of extremely strong exports, a massive influx of foreign capital and, to a lesser extent, plans for a budgetary revival that had been set in place in several of the countries. On the reverse side of the coin, this recovery led governments and companies to postpone needed reforms, particularly in the banking sector, somewhat weakening the upturn during the year. The only cloud was Latin America, which undoubtedly suffered one of its worst years in 1999, confronted as it was by a devaluation of the Brazilian real, Equator's default, tensions within Mercosur and, most importantly, a recession in most of the countries, with GNP falling by 1%.

Amidst this climate of widespread growth, 1999 marked a new step on the road to globalisation. Having begun in the United States the trend spread to Europe where it was predominant in the telecommunications sector – seeking economies of scale in the burgeoning digital and Internet markets – and banking. After a wave of tie-ups on the domestic scene, mainly for defensive reasons, the trend in 2000 will tend increasingly towards transnational operations, creating major players to meet the challenge of a global market. The financial brokerage sector has been a part of these critical developments, with three out of the five leading brokers at the end of 1999 being the product of mergers and take-overs in 1998 and 1999.

Confirmed growth in Europe, particularly in Germany, hopes of a recovery in Japan, and the determination of central banks to contain the first signs of inflation and any speculative pockets, without curbing expansion, should provide a favourable economic environment for such development in 2000.

2. … while contributing to sustained activity in the capital markets …

A year of euphoria for the major stock markets

The upturn in the world economy in the second half impacted favourably on the equity markets. Stock market ratings soared during the last weeks of the year as investors poured into tech stocks, encouraged by revised upward growth prospects for 2000.

Paris registered an exceptional year, with the CAC 40 advancing by 51.12% to become number one in continental Europe in terms of market capitalisation. Tokyo benefited from an influx of foreign capital in anticipation of the upturn in the Japanese economy, and the Nikkei put in a very good performance with a rise of 36.79%. But by far and away the greatest gains were to be found on the Nasdaq, which ended the year up by 85.59%.

Increased volatility on the financial markets at the start of the year boosted volumes on futures and derivatives, as well as non-financial products.

The financial markets experienced considerable volatility, brought about by a combination of events. The drop in the euro, the Latin American crisis, upheavals in the Japanese bond markets, looming devaluation of the yuan and difficulties with Chinese investment funds, the central banks' massive sell off of gold reserves, and the OPEC agreement to reduce oil production, led investors to turn extensively to hedging instruments and over-the-counter products.

Overall, however, volumes in the OTC markets remained stable in the first half, masking a deep underlying disparity: currency transactions dropped by almost 17%, negatively impacted by the introduction of the euro, while interest rate derivatives continued their advance, registering close to 8% growth in the first six months of the year (BRI statistics).

Moreover, the trend that began in the third quarter of 1998, which saw a move out of risk assets and into the most liquid and safest government securities, continued into the early months of 1999. At the same time, the introduction of the euro resulted in a spectacular growth in European bond markets, which now compete on an even keel with the American market. With a 45% market share, the international euro bond market has more than doubled when compared to the number of issues launched the previous year in all of the eleven currencies of the EMU. This reflected the low interest rate environment and the depth of the euro market, which attracted significant numbers of major international issuers.

3. … and the finance industry underwent its own electronic revolution

The financial world has not been spared the onslaught of new technologies, experiencing its own revolution in 1999. Moves towards consolidation in the banking sector and a gradual electronicisation of the regulated markets over the past two years, gave way to a more profound move towards a redefinition of the brokers' role and the emergence of new forms of brokerage services.

The main players in this technological revolution – the ECNs (Electronic Communication Networks), who offer their clients lower transaction costs and greater transparency in the execution of orders – continued to expand in the U.S. equity markets in 1999, and now handle up to 25% or 30% of the daily volumes on the Nasdaq.

Confronted with moves by these powerful players to break into the unified European market - the United Kingdom being the only major European country to remain outside the euro zone – 8 European stock exchanges formed an alliance centring around the Frankfurt-London axis. This alliance should pave the way for a single market model built around a joint negotiating platform that has yet to materialise, which led the Nasdaq to announce its forthcoming arrival in Europe. Lack of unification among member clearing systems, an essential element for any unified capital market, will also weaken the alliance. The groundwork is still being laid, but could lead to the coexistence of two independent European systems.

More generally, the technological revolution, which is facilitating the emergence of new actors, particularly in on-line brokerage services, should stimulate all market firms to adapt their development to a new environment, one in which technology transcends national borders and geographic distances. This will require substantial investments if the players are to offer a global approach to what are now global clients. The flotation currently being considered or launched by some stock exchanges seems to be an initial response to this new problem.

TRADITION GROUP ACTIVITIES

In 1999, the Tradition Group continued to develop its core brokerage services in an intensely competitive environment affected by widespread restructuring. Consolidated revenues reached CHF 496.6 million, an increase of 29.1% - 13% in constant terms - and profitability was once again on the rise, with net profit Group share up by 75%. The Tradition Group further integrated new technologies into its product portfolio by acquiring a stake in Infotec.

TSH GROUP

A wholly owned subsidiary of Compagnie Financière Tradition, with a team of 750 brokers operating in twelve regional offices, Tradition Service Holding (TSH) regroups all the Tradition Group's brokerage activities in the money markets, interest rate derivatives, credit derivatives and developing country debt. TSH achieved consolidated revenues of CHF 328.4 million in 1999, a rise of 29% over the previous year (18% on the former consolidation basis and at constant exchange rates).

TSH ranks among the top three global players, distinguishing itself from its principal competitors by a significant and long-standing presence in continental Europe. This was further consolidated by a new operation in France: since 1st April, VIEL Tradition SA (formerly Médiation SA), a TSH subsidiary, has been renting the business of VIEL & Cie, indirect majority shareholder of CFT.

1999 was a year of transition for Tradition SA, Lausanne and its subsidiary, TSA Luxembourg, confronted with the continuing trend towards restructuring in the banking sector, and money market volumes somewhat affected by the introduction of the euro. The two companies will focus on broadening their client base in continental Europe in the coming year and diversifying their product portfolio.

Tradition Milan had a satisfactory year on the back of its good performance in derivative products. This was despite an increasingly competitive environment, marked by a trend towards consolidation in the Italian banking sector, and accentuated by the entry of new brokers in its market.

In London, Tradition UK consolidated its position as a key player in the City, amid an overall background of restructuring on the heels of the mergers in British and US brokerage houses late in 1998. With its team of 230 experienced brokers, Tradition UK continued to progress in terms of both revenues and profits in 1999. The interest rate derivatives desks further strengthened their position, particularly in operations involving the euro and sterling. The product portfolio of interest rate derivatives developed by Tradition UK was completed early in the year by the recruitment of a team brokering interest rate options. Its first year results were extremely encouraging, confirming the Group's renown in this area. Tradition UK also strengthened its activities in the money markets with the creation of two new desks for dollar and sterling operations, and expanded activities in repos. Finally, Tradition UK successfully embarked on the area of structuring security issues in 1999, with the development of its African desk. During the coming year, Tradition UK hopes to expand into new market segments, such as asset swaps and government debt, and to strengthen its position in forwards.

In the United States, Tradition North America and its subsidiary Tradition Government Securities continued their momentum from 1998, with revenues up by 13% over the year, and close to 160 brokers on board at 31 December 1999. The experienced team in the New York office contributed greatly to another exceptional year in securities, while most of its competitors were grappling with the installation of new electronic platforms. TNA also tightened its grip on market share during the year and improved the profitability of its interest rate derivatives desks, which doubled the number of brokers in 1999. Finally, TNA took advantage of the consolidation movement among brokers to reinforce its position in the eurodollar market and, late in the year, to recruit a new forwards team. This new team will help strengthen TNA's

leadership in euro and Canadian dollar operations. The coming year should see the New York office confirm the excellent orientation of its activities, and further strengthen its teams, now relocated in spacious new premises.

The crisis in the developing countries in 1998, compounded by the collapse of the Brazilian currency in early 1999, took its toll on operations in emerging markets. Both TNA and Tradition Argentina suffered a considerable decline in their emerging markets business compared with the previous period. Tradition Argentina nevertheless maintained its leadership in the domestic issues sector, and was able to remain profitable by further reducing its fixed costs in the face of significantly lower revenues.

In Tokyo, MEITAN, 55% controlled by Tradition since October 1997, enjoyed another year of exceptional of growth. The medium-term yen interest rate swap desk continued its expansion and is now a leader in the Tokyo market. It also completed its product portfolio with the creation of a team brokering interest rate options. MEITAN devoted its efforts to the redeployment of its other activities in 1999, taking advantage of the difficulties of some of its competitors to recruit new teams of highly experienced brokers, particularly in the dollar deposits and spot foreign exchange sectors. Strengthened by these new teams, MEITAN should continue its expansion on all fronts in the coming year.

The economic crisis in Japan continued to affect regional markets, such as Singapore and Hong Kong, also confronted with a reduction in the number of locally established banks. ONG Tradition Singapore, 49% owned by TSH, and Tradition ASIA, Hong Kong, once again experienced a mixed year, with revenues continuing their two-year decline. Faced with this continuing sluggishness, the brokerage teams were restructured to obtain optimum exploitation of local markets. Tradition ASIA also continued to develop activities in credit derivatives, and launched a new product, Switchfix - an online tool designed to allow automatic clearing of residual positions in swaps - which should enjoy significant development in 2000. Finally, Tradition ASIA continued to develop its operations portfolio with China, working in collaboration with CFT's representation in Peking, while exploring other high potential countries such as Korea, Thaïland and Taipei.

With consolidated net profits of CHF 15.1 million before extraordinary items, compared with CHF 9.8 million in 1998, TSH confirmed the sound orientation of its activities. In 1999, the Company consolidated its market share and profitability in the world's three principal financial markets, London, New York and Tokyo, while maintaining regional teams that allow it to grow its client base. With a financial environment in constant flux and some of its competitors weakened by recent mergers and consolidations, TSH will continue to develop its activities in 2000.

THE TFS GROUP

TFS, 57.8% owned by Compagnie Financière Tradition at 31 December 1999, is principally involved in four main product sectors: currency options, equity derivatives, precious metals and energy. TFS recorded consolidated revenues of CHF 128.7 million in 1999, a rise of 8% over the previous period. Net profits declined slightly to CHF 4.8 million, compared to CHF 5.7 million in 1998, primarily due to investments in the development of new activities and mixed performances by several desks, which were closed at the end of the year.

Currency options suffered indirectly from the introduction of the euro and lower volatility levels. Despite excellent and improved market share in all the time zones, which positioned the Company as world leader in this market, the year-on-year contribution of these operations to TFS's consolidated revenues declined slightly.

In equity derivatives the reverse was true and in Europe options volumes soared on the back of high volumes in the underlying markets. In Asian equities too, especially in Japan, improvements continued, whilst in the U.S. performance remained the same as in 1998.

TFS maintained its position as a world leader in precious metals, and continued its advances in 1999. Activities improved considerably in the second half on the back of an exceptional rise in spot gold prices in September and October, following the announcement by the Bank of England of its intention to interrupt sales of gold reserves.

TFS's operations in a wide range of energy derivatives experienced a more contrasted year. In the electricity sector, the Company suffered from continuing low volumes in the U.S., despite a slight improvement in the fourth quarter, which led to the restructuring of one of its desks. In Europe, against a backdrop of the gradual opening up of domestic markets to comply with the E.U. electricity Directive, implemented in February 1999, TFS decided to relocate its activities to Frankfurt, moving into a growth market. The London desk also pursued its development in this market.

Drawing on its experienced team of brokers in the oil derivatives market, and aided by an increase in oil prices throughout the year, the Company reaffirmed its leadership position in England and consolidated its market share in Asia. The Group likewise strengthened its market share in the natural gas sector during the year, despite less than favourable conditions in the United States, where exceptionally mild temperatures negatively impacted volumes. Finally, new energy products launched over the past two years, such as coal, weather derivatives and emission allowances, progressed well and are now contributing, albeit marginally, to revenues.

The Company pursued its innovative activities in the energy sector by launching a new 50% owned subsidiary in 1999, Capstone Global Energy L.L.C. This Houston based company provides brokerage consulting and services in the field of energy. Its wide client base comprises participants in the world's deregulating and restructuring energy markets.

Finally, TFS created a new structure in September, The Recruitment Company, in which it holds a 90% controlling interest. This Hong Kong based company specialises

in job placement in the financial and new technologies sectors. Using databases and Internet oriented tools, TRC offers clients an innovative approach to recruitment and the outsourcing of contractor and interim management personnel.

Restructuring measures taken during the last quarter, leading to the closure of loss-making activities, and the launch of new activities that negatively affected the bottom line in 1999, but which should begin to contribute to profits in 2000, are all factors that should have a favourable impact on TFS's performance in the coming year.

THE HTS GROUP

Holding Tradition Securities, a wholly owned branch of CFT, regroups all activities in the securities and exchange-traded products of Tradition Securities And Futures in Paris and London, MIA in Paris and Tradition Eurobond in Luxembourg. HTS achieved consolidated revenues of CHF 39.5 million in 1999 and consolidated net profits of CHF 5.6 million.

Tradition Securities And Futures (formerly STAFF SA) in which CFT took a 78% controlling interest in September 1998, is a major broker in all European futures products, and a leader particularly in options. TSAF is a member of MATIF, MONEP, DTB and since July 1999, LIFFE through its London branch created in February 1999.

During the year, the futures market continued to shift from Paris and London to Frankfurt, a trend that had started in 1998. The Bunds contract, which in 1998 registered its strongest volumes by open outcry on the LIFFE, is now primarily handled on the electronic EUREX market. Tradition Securities And Futures enjoyed a corresponding rise in its activities, with futures and options on Bunds accounting for over 50% of its revenues in the futures markets. In 2000, Tradition Securities And Futures should benefit from a redeployment of MATIF's activities, as part of the creation of MIB (Matif Intervention Bancaire), the new operations centre created to stimulate the Paris market, and the favourable development of MONEP. While expanding its activities on the futures markets in 1999, Tradition Securities And Futures continued to develop its activities as a matched principal broker in European government debt. These activities should be further strengthened in the coming year, particularly in the German and Italian markets.

CFT actively completed its brokerage infrastructure in securities and exchange-traded products through internal and external growth. Although it was a late starter in these activities, compared to its major competitors, the Group enjoys strategic flexibility so essential in the climate of rapid technological changes in these markets. This is evidenced by the acquisition late in the year of Prominnofi, a broker specialising in operations with primary dealers (SVT) on French government debt, equipped with a screen based system.

CLEARING ACTIVITIES

Compagnie Financière Tradition created a dedicated clearing company, Holding Tradition Clearing, which controls Tradition Global Clearing (TGC) in the United States and Tradition London Clearing (TLC) 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, able to handle such transactions directly.

By using TGC and TLC, clients of the different Tradition offices may carry out transactions without revealing their market position. TGC and TLC intervene in this instance as a screen between the counterparties, by taking two simultaneous positions that are cleared instantly. TGC 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 based 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 total Group revenues. The risk taken by Tradition on such operations is limited, since a majority of these transactions were carried out with GSCC.

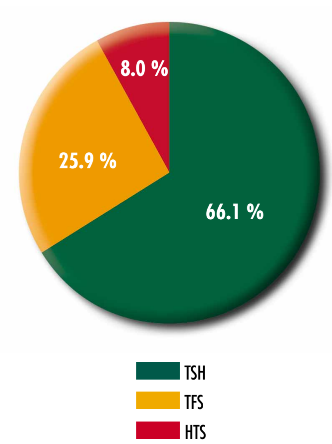
CFT RESULTS

Group profits

With consolidated revenues of CHF 496.6 million in 1999, CFT recorded an operating profit of CHF 35.1 million, up 65% over the previous period, for an operating performance of 7.1% of revenues, against 5.5% in 1998.

These encouraging results reflect CFT's firm grip on operating expenses, particularly in the area of costs of telecommunications and purchasing financial information, which declined considerably to 9.6% of revenues against 11.7% in 1998. Not only did CFT benefit from the overall structural drop in prices in this market, but it also initiated an important project designed to further reduce its need to purchase financial information, and even allow it to become a net seller of information in line with a number of its competitors. This, combined with less pressure on salaries following the widespread restructuring among brokerage companies in 1999, should allow it to further strengthen its operating margin over the next few years.

1999 REVENUES
PER BRANCH



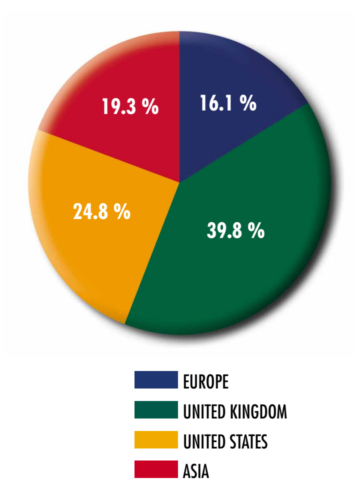
Net financial income stood at CHF 9.1 million against CHF 5.7 million in the previous year. This figure includes dividends received by CFT on investment portfolios held by TSAF and MIA, consolidated affiliates since 30 September 1998, and significant foreign exchange gains.

The tax charge shown in the consolidated accounts stood at CHF 19.7 million or close to 45% of pre-tax profit - a slightly improved ratio over the previous year taking into account the return of most of the companies in the Group to break-even.

The contribution of associated undertakings, consolidated using the equity method, showed a loss of CHF 1.2 million. This primarily consisted of CFT's share of losses suffered by Infotec for the second half of the year.

Consolidated net profit rose to CHF 23.3 million, up 68.4% on the previous year, including CHF 16.7 million Group share. This performance represents a 15.2% return on Group shareholders' equity at 31 December 1998. Group shareholders' equity stood at CHF 133.3 million with financial indebtness limited to CHF 13.2 million at 31 December 1999, reflecting the Group's extremely solid financial situation.

1999 REVENUES
PER GEOGRAPHICAL AREA



CFT Company results

As stated in the Notes to the Financial Statements, on 1st July 1998, CFT transferred its commercial brokerage activities in the capital markets to TSA, Lausanne. Since then, CFT has become a pure holding company, and no longer exercises any form of operational activity.

The 1999 Company results reflect these pure holding activities, while 1998 results included income and expenses on brokerage operations in the first half of the year, rendering any meaningful year-on-year comparison difficult.

CFT received dividends of CHF 2.3 million from its affiliates in 1999, and other operating income of CHF 0.7 million. Financial income rose strongly to CHF 6.3 million, including CHF 3.9 million net profits on foreign exchange.

Taking account of significantly lower operating expenses of CHF 5.3 million against CHF 16.6 million in the previous year, reflecting the transfer of all operational teams to TSA Lausanne in mid-1998, CFT's operating profit reached CHF 4.0 million against a loss of CHF 0.4 million in the previous period.

In 1999, as in 1998, CFT recorded a substantial write-back of provisions for depreciation of its majority owned shares and associated receivables, which reached CHF 15.7 million in 1999 against CHF 0.6 million in 1998, reflecting the marked improvement in the financial situation of its main subsidiary, TSH. A CHF 0.8 million write-back of contingency and loss provisions was also made in light of favourable developments in a lawsuit.

After taking a tax charge of CHF 0.3 million, Company net profits reached CHF 20.3 million in 1999 against CHF 11.7 million the previous year. Company equity stood at CHF 119 million.

SHARE PERFORMANCE

Share price up 200%

CFT shares began the year at CHF 62 and ended among the top performing companies on the Swiss Stock Exchange, rising almost 200% in value to CHF 181 at 31 December 1999, compared to an overall increase in the SMI of 5.7% during the year. A steady increase in volumes traded also strengthened the share's progress and reflected investor interest.

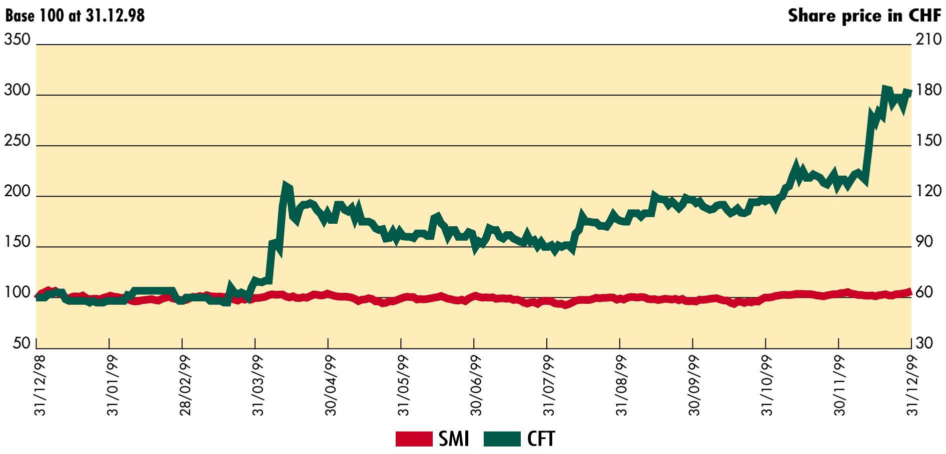
Several events influenced this stock market performance during the year. The share rose sharply on the announcement that CFT was acquiring a substantial stake in Infotec, reflecting the Group's strong presence in the up and coming financial information technologies sector. Half-year results, up 194%, and revenues rising strongly throughout the year also impacted the share's remarkable performance in 1999.

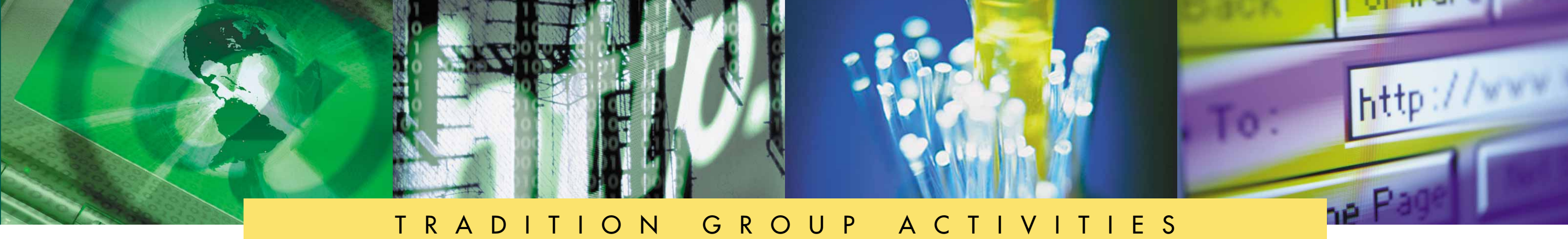
Market capitalisation at the end of the year stood at CHF 229.6 million, valuing CFT at 13.7 times 1999 consolidated profit, a ratio that is still well below the average multiples registered on the SMI, which reached 20.7 at 31 December 1999. Consolidated equity reached CHF 162 million at year-end, with Group share standing at CHF 133 million.

This encouraging progression has continued into 2000. It should be noted that Compagnie Financière Tradition is also listed in the third compartment of the Frankfurt Stock Exchange, where the share is quoted in euros.

Share capital was increased by CHF 291,750 to CHF 12,683,500 during the year following the exercise of share options.

CFT SHARE PERFORMANCE





A1999 dividend of CHF 5, up 25 %

In light of the excellent performance, the Board is proposing that the AGM approves a dividend of CHF 5 per share, an increase of 25% over the previous year. This represents a total dividend payment of CHF 6,341,750 for the 1,268,350 shares comprising the share capital, and reflects Compagnie Financière Tradition's commitment to improving dividend yield.

OUTLOOK

The profound changes affecting the brokerage industry, in which CFT 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 competition scene.

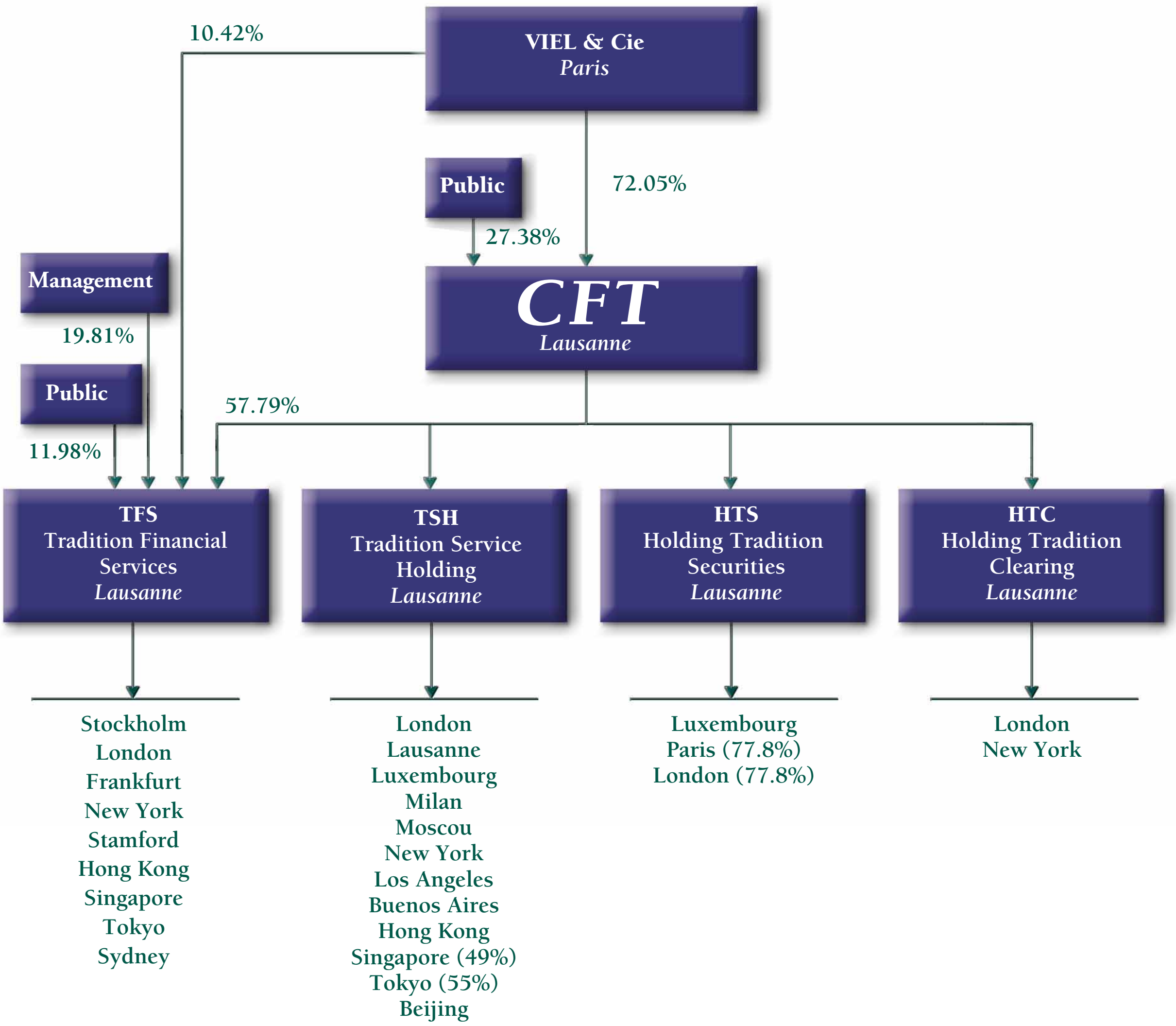
In this constantly changing environment, CFT will continue selectively to analyse opportunities that arise, in a drive to further strengthen its presence in a number of markets and products, through the acquisition of teams or companies, in line with its commitment to maintain its profitability.

Following on the heels of its partnership with Infotec and building on its leadership position in a number of markets, the Group, in line with its major competitors, will continue to move forward in the field of market information technology.

But above all, the Tradition Group is committed to consolidating its role as a forerunner in the field of new finance-oriented technologies, in a drive to provide innovative responses to the demands of the market and improve its portfolio of products and services.

Now, more than ever, CFT is equipped to respond to the needs of its shareholder and clients, particularly with its interactive Internet site at www.traditiongroup.com.

ORGANISATION CHART OF THE TRADITION GROUP



All holdings are 100%
except where stated