



Interim Report March 31, 2001



Contents

4	BOARD OF DIRECTORS AND STAFF
5	REPORT OF THE BOARD OF DIRECTORS OF OZ HOLDING
7	CURRENT TOPIC: ACTIVE EQUITY OPTIMIZATION INCREASES MARKET CAPITALIZATION
9	CONSOLIDATED FINANCIAL STATEMENTS
10	BALANCE SHEET
12	INCOME STATEMENT
13	CASH FLOW STATEMENT
14	STATEMENT OF CHANGES IN EQUITY
15	NOTES
18	OUTSTANDING OPTIONS
20	OZ BEARER SHARE
22	ADDRESSES

Board of Directors and Staff

BOARD OF DIRECTORS

Bernhard E. Flotron (Chairman)

Daniel S. Aegerter

Erwin Vogt

MANAGEMENT OZ BANKERS AG

Markus Eberle

Peter Rüegg

Andreas Walther

STAFF OZ BANKERS AG

Beat Arnold

Sandra Caforio

Denise Camele

Patrick Grob

Claudia Juan

Reto Peczinka

Daniel Reptsis

Marco Tinnirello

Thomas Wenger

Report of the Board of Directors of OZ Holding

DEAR SHAREHOLDERS

OZ Group reports a consolidated loss of 18.4 million francs for the first quarter 2001 (previous year's period: 114.6 million profit), equaling a loss of 44.08 francs per share (265.02 profit). On March 31, 2001, shareholders' equity amounted to 225 million francs after dividend payments of 13.0 million and stock buybacks of 38.0 million during the first quarter of 2001. On December 31, 2000, shareholders' equity had amounted to 306 million francs. On the basis of 419,887 shares now outstanding, equity per share was 535 francs on March 31, 2001 (December 31, 2000: 709).

During the first three months of 2001 the SPI fell 12%. This negative stock market trend also impacted OZ. Investments of own funds and market making resulted in a loss of 34.7 million francs; 15.1 million of this amount was due to the OM participation. During the first quarter of 2000 securities income had reached 111 million francs; this result had mainly been due to the positive development of the OM participation.

Commission income reached 15.8 million francs during the first quarter 2001 (previous year's period: 15.9 million). This was above budget despite the difficult environment. With twelve new options, our issuing activity was again successful. Financial income increased by 0.6 million to 2.5 million francs due to higher dividend income.

Business and office expenses increased by 0.3 million francs during the first quarter 2001. Both personnel and financial expenses were higher than in the first three months of the year 2000. Commissions paid rose by 0.2 million francs, while tax expenses fell to minus 1.3 million francs due to the release of accrued taxes on the OM participation.

On Februar 21, 2001, the annual general meeting of OZ Holding approved a dividend payment of 30 francs for the 2000 fiscal year. Payment to the shareholders was made on February 26. At the same time the general meeting approved the reduction of the share capital by 122,600 francs by canceling the 12,260 bearer shares that had been bought back by means of put options in February 2001. This reduced the number of outstanding shares to 419,887.

CHANGE ON THE BOARD OF DIRECTORS

At the annual general meeting on February 21, 2001, Ralph Stadler resigned after seven successful years on the board of directors of OZ Holding and OZ Bankers AG. We would like to thank Ralph Stadler for his dedication and valuable contribution to the buildup and expansion of OZ Group.

The general meeting elected Daniel S. Aegerter to the board of directors of OZ Holding and OZ Bankers AG. Daniel S. Aegerter is chairman of the board of directors of Armada Venture Group, Atlanta and Künsnacht.

Pfäffikon, April 17, 2001

For the Board of Directors



Bernhard E. Flotron, Chairman

Current Topic: Active Equity Optimization Increases Market Capitalization

A great number of companies are taking advantage of the new laws to reduce their stocks' par value. But there are further methods to reduce equity and, as a result, improve risk management.

One topic seems to dominate this year's shareholders meetings: a new law, expected to be implemented in May, which will allow companies to lower their stocks' par value to one centime. In the past, every share had to be backed by at least ten francs of equity. Many companies now propose stock splits at their shareholders meetings. Swiss shares which are "expensive" on an international level will thereby become "cheaper", improving their tradability. Some companies are also taking advantage of the new regulations to reduce their equity. In this way, shareholders participate in the companies' profits through par value paybacks instead of dividends. Credit Suisse Group was one such company choosing a par value payback instead of dividends for the year 2000 – an attractive choice from a tax point of view.

RISK MANAGEMENT AND EQUITY OPTIMIZATION

While stock splits are rather cosmetic in nature, par value reductions that leave the number of outstanding shares unchanged, contribute to equity and risk management. However, equity reductions – or, conversely, contingent capital increases – may not be initiated for their own sake. Neither should a company consider its equity as a negligible entity that is structured more or less by chance according to the annual distribution of profit. It is essential that equity is continually optimized as part of the risk-management process.

As equity is risk capital, a company must offer its shareholders the prospect of higher yields than for instance bondholders; consequently, equity is expensive capital that must be deployed economically by the management. At the same time the management must find a reasonable balance between equity and debt according to their respective risk levels. As circumstances change, this mix must constantly be adapted and optimized. Without active risk and equity management, a company is unable to create enough shareholder value in the long term which results in a lower stock market capitalization.

PUT-OPTION PROGRAMS FOR STOCK BUYBACKS

In addition to par value reductions and dividend payments, there is a third and very attractive way for both shareholders and companies to return and optimize capital: stock buybacks. In the past, various repurchasing methods were developed, from Second Trading Lines to public repurchase offers to offers to institutional investors only. Recently another method has become increasingly popular: stock buybacks via put-option programs.

There are good reasons for the rise in put-option programs: They alone guarantee that all investors, private and institutional, are really treated equally. In practice there is one put option for each outstanding share; a certain number of options entitles the owner to sell one share at a pre-determined price on strike day; private investors sell their options on the market, realizing a taxfree capital gain while institutional investors buy the options and sell them with the shares to the company.

Stock buybacks by means of put-option programs have only been possible since a Federal Court decision in May 1999. In a precedent case (Surveillance SGS), the judges approved the method in principle. At the same time they stressed that these programs must not be misused for tax evasion purposes. Institutional investors in particular are prohibited from buying stocks and put options at the same time for sale to the company. Properly implemented, however, stock buybacks via put-option programs are a useful tool for equity optimization. As soon as the current wave of par value reductions recedes, put-option programs are likely to become even more popular among Swiss companies than today.



Consolidated Financial Statements

Balance Sheet

Assets

	Notes	Dec. 31, 2000 CHF	March 31, 2001 CHF
CURRENT ASSETS			
Due from banks		109,257,147	196,387,899
Due from clients		53,247	157,499,659
Trading securities		451,198,434	422,425,800
Accrued and deferred items		1,149,306	1,499,633
Total current assets		561,658,134	777,812,991
FIXED ASSETS			
Financial investments	1	65,876,949	49,666,563
Total fixed assets		65,876,949	49,666,563
TOTAL ASSETS		627,535,083	827,479,554

Balance Sheet

Liabilities and Shareholders' Equity

	Notes	Dec. 31, 2000 CHF	March 31, 2001 CHF
LIABILITIES			
<i>Current</i>			
Due to banks		81,898,756	304,883,257
Due to clients		104,660,145	122,798,239
Due from trading		104,263,669	156,184,353
Accrued and deferred items		26,492,362	16,281,851
Total current liabilities		317,314,932	600,147,700
<i>Long-term</i>			
Deferred taxes		3,963,083	2,616,508
Total long-term liabilities		3,963,083	2,616,508
Total liabilities		321,278,015	602,764,208
SHAREHOLDERS' EQUITY			
Share capital	2	4,321,470	4,198,870
Reserves		301,935,598	220,516,476
Total shareholders' equity		306,257,068	224,715,346
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		627,535,083	827,479,554

Income Statement

	Notes	Jan. 1 – March 31 2000 CHF	Jan. 1 – March 31 2001 CHF
INCOME			
Income from securities	5	110,991,351	- 34,709,885
Financial income		1,945,140	2,536,921
Commission income		15,875,043	15,817,515
Total income		128,811,534	- 16,355,449
EXPENSES			
Administrative expenses		1,128,946	1,473,239
Personnel expense		363,668	451,240
Financial expense		52,329	162,333
Commission expense		1,044,333	1,265,404
Annual profit before tax		126,222,258	- 19,707,665
Taxes		11,614,888	- 1,284,796
PROFIT / LOSS JANUARY 1 – MARCH 31		114,607,370	- 18,422,869
Profit / loss per share	6	265.02	- 44.08

Cash Flow Statement

	Notes	Jan. 1 – March 31 2000 CHF	Jan. 1 – March 31 2001 CHF
Profit		114,607,370	- 18,422,869
(Decrease) increase in valuation adjustments and provisions		5,304,650	- 1,346,575
(Increase) decrease in accrued and deferred items (asset side)		156,192	- 350,327
(Decrease) increase in accrued and deferred items (liability side)		19,411,803	- 10,210,512
(Increase) decrease in amounts due from banks		0	- 78,730,000
(Increase) decrease in trading securities		- 37,233,059	80,693,318
(Decrease) increase in amounts due to clients		- 659,736	18,138,094
(Increase) increase in amounts due from clients		- 5,047,217	- 157,446,412
Net cash flow provided / used by operating activities		96,540,003	- 167,675,283
(Payments) receipts for financial investments	1	- 53,152,177	16,210,386
Net cash flow used / provided by investing activities		- 53,152,177	16,210,386
Repayment of shareholders' equity		- 37,491,300	- 38,006,000
Change in own shares		2,541,212	- 12,148,442
Dividends		- 13,500,000	- 12,964,410
Net cash flow used by financing activities		- 48,450,088	- 63,118,852
(Decrease) increase in "Banks at Sight"		- 5,062,262	- 214,583,749
"Banks at Sight" on January 1		91,442,838	- 7,141,609
"Banks at Sight" on March 31		86,380,576	- 221,725,358

"Banks at Sight" consists of amounts due from banks less amounts due to banks.

Statement of Changes in Equity

Shareholders' Equity

	Share capital	Capital reserves	Consolidated reserves	Own shares	Total Shareholders' Equity
	CHF	CHF	CHF	CHF	CHF
Position at Jan. 1, 2000	4,500,000	2,074,898	235,349,994	- 815,451	241,109,441
Dividend payment			- 13,500,000		- 13,500,000
Capital repayment	- 178,530		- 37,312,770		- 37,491,300
Annual profit			112,301,749		112,301,749
Change in own shares		3,031,727		805,451	3,837,178
Position at Dec. 31, 2000	4,321,470	5,106,625	296,838,973	- 10,000	306,257,068
Dividend payment			- 12,964,410		- 12,964,410
Capital repayment	- 122,600		- 37,883,400		- 38,006,000
Loss Jan. 1 - March 31, 2001			- 18,422,869		- 18,422,869
Change in own shares		- 1,658,443		- 10,490,000	- 12,148,443
Position at March 31, 2001	4,198,870	3,448,182	227,568,294	- 10,500,000	224,715,346

Notes

COMMENT ON BUSINESS ACTIVITY

Through OZ Bankers AG, OZ Group specializes in the Swiss equity market, specifically the market for options. The services include trading in Swiss securities as well as investment consulting, asset management and issuing warrants.

BASIC ACCOUNTING PRINCIPLES

The consolidated annual financial statements are based on the individual financial statements of the group companies, prepared on a uniform basis. The accounting of OZ Group is in accordance with the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC). Financial investments are prepared according to the standard for the recognition and measurement of financial investments (IAS 39). IAS 39 was applied ahead of time, starting January 1, 1999.

CONSOLIDATED COMPANIES

The following company was included in the consolidation of OZ Holding, Freienbach SZ:

OZ Bankers AG, Freienbach SZ

Share capital of OZ Bankers AG: CHF 20,000,000

Percentage held: 100.0%

	Dec. 31, 2000 CHF	March 31, 2001 CHF
1. FIXED ASSETS		
Financial investments (OM AB)		
Market value	65,876,949	49,666,563
At cost	19,252,442	18,884,114
Percentage held	1.94%	1.90%
Property and equipment		
Since holdings of property and equipment are negligible, no details are given.		
2. SHARE CAPITAL		
Number of bearer shares issued	432,147	419,887 ²⁾
Share capital ¹⁾	4,321,470	4,198,870 ²⁾
Par value per share	10	10
Shareholders' equity per share ³⁾	709	535
3. OWN SHARES		
Number of bearer shares	4	3,944 ⁴⁾
Reserve for own shares	10,000	10,500,000
Shares repurchased for capital reduction	0	0

1) Own shares held in the nostro account were not offset against share capital.

2) Based on the resolution passed by the general meeting on February 21, 2001, the share capital was reduced by CHF 122,600 by canceling 12,260 shares.

3) Prior to appropriation of profit and after capital repayment.

4) During the reporting period, 27,119 shares were repurchased at a price of CHF 2,657.09 and 23,179 shares were sold at CHF 2,788.91 each (average prices).

	Dec. 31, 2000	March 31, 2001
4. SHAREHOLDER STRUCTURE		
Shareholders holding more than 5% of the share capital		
Liechtensteinische Landesbank Aktiengesellschaft, Vaduz	5.09%	5.09%
Zürcher Kantonalbank, Zurich	5.21%	5.21%
Bâloise Holding, Basel	5.32%	5.32%
Pension fund of the Siemens companies in Switzerland, Zurich (including further pension institutions of Siemens in Switzerland)	14.64%	14.64%
OZ directors and staff (shares and stock options)	28.53%	28.55%
	Jan. 1–March 31 2000	Jan. 1–March 31 2001
5. INCOME FROM SECURITIES		
Income from securities	16,300,416	- 19,559,915
Income from financial investments	94,690,934	- 15,149,970
Total income from securities	110,991,350	- 34,709,885
	March 31, 2000 CHF	March 31, 2001 CHF
6. PROFIT PER SHARE		
Profit per share: group profit divided by the number of outstanding bearer shares.		
Profit / loss	114,607,370	- 18,422,869
Outstanding bearer shares (weighted)	435,123	421,930
minus own shares	2,670	3,944
Outstanding bearer shares for calculation	432,453	417,986
Profit / loss per share	265.02	- 44.08
There are no instruments outstanding that would dilute profit per share.		
	Dec. 31, 2000 CHF	March 31, 2001 CHF
7. PLEDGED ASSETS		
Securities pledged as collateral under covered warrant agreements	0	0
Due from banks	26,722,149	0
8. POST-BALANCE-SHEET EVENTS		
There are no post-balance-sheet events to report.		

Outstanding Options (as at March 31, 2001)

Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
OEBGO	2,500,000	UNAX	425	04-18-2001	1/50	14
UNAPT-PUT	2,000,000	UNAX	425	04-18-2001	1/20	28
ADEPT-PUT	3,500,000	ADEN	1,400	06-15-2001	1/100	32
BABE	4,500,000	BAER	7,750	06-15-2001	1/1000	35
JELPU-PUT	4,765,000	JEL	2,150	06-15-2001	1/100	112
LONIU	4,700,000	LONN	900	06-15-2001	1/100	47
NESOZ-PUT	10,500,000	NESN	3,200	06-15-2001	1/500	76
RIFPU-PUT	6,000,000	CFR	4,000	06-15-2001	1/500	47
UBSPU-PUT	3,500,000	UBSN	220	06-15-2001	1/20	44
SULOZ-PUT	7,700,000	SUN	1,200	06-15-2001	1/100	86
GEBIG	4,675,000	GEBN	525	07-18-2001	1/50	44
CSGAP	10,750,000	CSGN	360	07-20-2001	1/50	66
NESIA	10,000,000	NESN	3,600	07-20-2001	1/500	72
RIFF	3,645,000	CFR	4,700	07-20-2001	1/500	28
RIFPT-PUT	4,000,000	CFR	4,250	07-20-2001	1/500	31
SEOUL	4,125,000	SEO	2,000	07-20-2001	1/250	23
SRNPT-PUT	5,000,000	SRN	300	07-20-2001	1/50	18
UNADU	360,000	UNAX	500	07-20-2001	1/50	2
VALIU	4,500,000	VALN	375	07-20-2001	1/100	14
VALOZ	4,500,000	VALN	450	07-20-2001	1/100	14
FEHIT	775,000	FEHN	600	08-15-2001	1/10	40
FEHOT	6,375,000	FEHN	750	08-15-2001	1/50	66
ABBPU-PUT	6,000,000	ABBN	200	08-17-2001	1/20	38
BUCKS	1,125,000	BUC	1,500	08-17-2001	1/50	33
CLNPU-PUT	1,800,000	CLN	500	09-21-2001	1/20	43
SMEPU	5,050,000	SMEN	470	10-19-2001	1/50	36

Symbol	Number	Underlying	Strike Price CHF	Maturity Date	Ratio	Capitalization of Underlyings Million CHF
CLNOZ-PUT	2,040,000	CLN	550	11-16-2001	1/20	10
RUKPT-PUT	2,000,000	RUKN	3,200	11-16-2001	1/100	70
GURU	4,150,000	GUR	1,650	11-21-2001	1/200	33
HERDE	3,660,000	HER	200	11-21-2001	1/20	38
CFTOZ	1,800,000	CFT	260	12-14-2001	1/10	36
JELOZ-PUT	2,900,000	JEL	2,450	12-14-2001	1/100	68
GIGOZ	5,520,000	GIGN	160	12-18-2001	1/20	13
BOBUL	2,700,000	BOB	2,286	12-19-2001	1/200	35
EICHE	2,500,000	EIN	1,950	12-19-2001	1/100	25
SAKIR	1,700,000	SAKN	2,200	12-19-2001	1/100	28
VALKO	850,000	VALN	500	12-19-2001	1/10	26
VALOP *	2,720,220	VALN	385	12-19-2001	1/10	84
BIOOZ-PUT	2,500,000	BIO	1,500	12-21-2001	1/100	29
RANOZ-PUT	5,000,000	RAN	1,300	12-21-2001	1/100	60
ROGOZ	10,000,000	ROG	17,500	12-21-2001	1/2000	63
RIEPU-PUT	4,500,000	RIEN	475	12-21-2001	1/100	21
ASKIU *	258,000	ASKN	1,600	01-16-2002	1/20	14
ZEHKE	1,500,000	ZEH	1,200	01-16-2002	1/50	30
HEPSI	2,500,000	HEPN	1,700	02-20-2002	1/100	40
BALAZ *	1,600,000	BALN	719	06-19-2002	1/100	28
UMSO	2,500,000	UMS	125	06-21-2002	1/10	33
SELES *	1,480,400	SELN	400	12-30-2003	1/20	40
LLBOZ	1,900,000	LLB	1,000	01-21-2004	1/20	76
BALIX	15,000,000	BALN	2,000	06-15-2005	1/500	53
BALUP	2,300,000	BALN	1,694	06-15-2005	1/100	40

* issued by OZ Holding

OZ Bearer Share

PERFORMANCE OF OZ BEARER SHARE

August 26, 1991, to March 31, 2001, in CHF

Source: Datastream

Since it was first listed on August 26, 1991, the OZ bearer share has achieved an average performance of 26.1%. For comparison: Over the same period Swiss bank shares rose 17.4% on average while the Swiss Market Index gained 16.0%.

OZI closing price on Dec. 31, 2000	2,350
OZI closing price on March 31, 2001	1,845
Year's high on February 8, 2001	2,525
Year's low on March 23, 2001	1,820
Dividend paid per share for the 2000 fiscal year	30
Dividend yield (closing price on March 31, 2001)	1.62%
Reuters symbol	OZZH.S

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OZ Market Information

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