
CREDIT SUISSE FIRST BOSTON (UK) INVESTMENT HOLDINGS

REPORT AND ACCOUNTS

1999



[Company Number: 3045280]

CREDIT SUISSE FIRST BOSTON (UK) INVESTMENT HOLDINGS

Board of Directors

Stephen A. M. Hester	Director
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David C. Mulford	Director
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David A. J. Swain	Director
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Robert Stevens	Director
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CREDIT SUISSE FIRST BOSTON (UK) INVESTMENT HOLDINGS

Directors' Report for the year ended 31st December 1999

The directors present their report and the accounts for the year ended 31st December 1999.

Activities

Credit Suisse First Boston (UK) Investment Holdings (the Company) is an investment holding company, established primarily to hold the United Kingdom interests of Credit Suisse First Boston (UK) Investments, a UK holding company whose ultimate parent is Credit Suisse Group.

The Company's interests include Credit Suisse First Boston (Europe) Limited, an international securities issuing and trading company; Credit Suisse First Boston Gilts Limited, a UK Government Bond Primary Dealer; Credit Suisse First Boston Equities Limited, which trades as principal in UK equities; Credit Suisse First Boston Securities ZAO, Moscow, which carries out intermediary activities as a financial broker on the securities market in the Russian Federation; and Credit Suisse First Boston Canary Wharf Health Club Limited, which holds the Credit Suisse First Boston interest in the Canary Wharf Health Club partnership.

Directors

The names of the directors as at the date of this report are set out on page 1. There have been no changes in the directorate since 31st December 1998 and up to the date of this report.

None of the directors were beneficially interested, at any time during the year, in the shares of the Company.

The Company maintains insurance to indemnify its directors and officers in accordance with Section 310(3) of the Companies Act 1985.

Results

The loss for the year was US\$500,027,000 (1998 profit - US\$1,000). A dividend of US\$8,640,000 was paid to Credit Suisse First Boston (UK) Investments during the year (1998 - US\$nil). The directors do not propose any further dividends for the year ended 31st December 1999.

During 1999 the fixed asset investments of the Company suffered a permanent diminution in value of US\$500,000,000.

Directors' Report for the year ended 31st December 1999

Share Capital

During the year 100 million preference shares of US\$1 each (1999 - US\$100,000,000; 1998 - US\$500,000,000), were issued at par to fund capital contributions to subsidiary undertakings.

Capital contributions

During the period the Company received net capital contributions of US\$nil (1998 - US\$450,000,000).

Year 2000

The Credit Suisse First Boston group of companies, of which the company is a part, began work on the year 2000 issue in 1996, utilising a priority driven methodology, encompassing inventory and assessment, remediation or replacement, testing third party risk analysis and contingency planning. The main focus during 1999 was to achieve year 2000 readiness whilst ensuring existing systems and information technology supported day to day operations.

The progress on year 2000 preparations were monitored by the Year 2000 Executive Steering Committee and were reported to the Board of Directors and the Executive Board of Credit Suisse First Boston, and the Credit Suisse Group on a regular basis.

Whilst it is still possible that errors or failures relating to the year 2000 issue may arise in the future, since 1st January 2000 no significant year 2000 errors or failures have been noted and contingency plans were not activated. The business has continued to function as normal.

Expenditure on year 2000 compliance to 31st December 1999 was borne by another group company.

Fixed assets

The Company has US\$nil tangible fixed assets (1998 - US\$nil) and there were no movements during the year.

Directors' Report for the year ended 31st December 1999

Employee involvement and employment of disabled persons

During the year the Company maintained arrangements for keeping staff aware of and involved in the Company's progress.

The Company gives full and fair consideration to disabled persons in employment applications, training and career development.

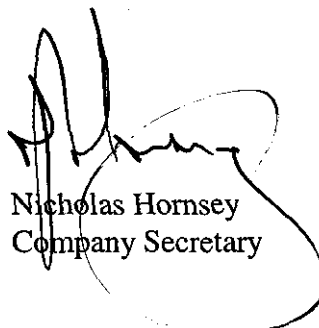
Prompt Payment Code

It is the policy of the Company to pay all invoices in accordance with contract and payment terms.

Donations

Charitable contributions of US\$nil (1998 - US\$nil) were made during the period.

By Order of the Board,



Nicholas Hornsey
Company Secretary

One Cabot Square
London

25 October 2000

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue their business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Auditors to the Members of Credit Suisse First Boston (UK) Investment Holdings

We have audited the accounts on pages 7 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and as described on page 5 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report our opinion to you as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st December 1999 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

25 October 2000

CREDIT SUISSE FIRST BOSTON (UK) INVESTMENT HOLDINGS

Balance Sheet as at 31st December 1999

	Note	1999 US\$000's	1998 US\$000's
Fixed asset investments			
Shares in subsidiary undertakings	2	1,406,696	1,806,656
Current assets			
Debtors	3	10	490
		-----	-----
		10	490
Creditors: amounts falling due within one year	4	(10,376)	(10,699)
		-----	-----
Net current liabilities		(10,366)	(10,209)
		-----	-----
Net Assets		1,396,330	1,796,447
		-----	-----
Capital and reserves			
Called up share capital	5	866,372	766,372
Share premium	6	362,600	362,600
Capital reserve	6	663,235	663,235
Profit and loss account	6	(495,877)	4,240
		-----	-----
	7	1,396,330	1,796,447
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The accounts were approved by the Board of Directors on 28 October 2000.



Robert Stevens
Director

The notes on pages 9 to 14 form part of these accounts

CREDIT SUISSE FIRST BOSTON (UK) INVESTMENT HOLDINGS

Profit and Loss Account for the year ended 31st December 1999

Continuing Operations

	Note	1999 US\$000's	1998 US\$000's
Operating (loss)/income	8	(500,025)	1
Administrative expenses	9	(2)	-
Total operating (loss)/profit		(500,027)	1
Investment income		8,640	-
(Loss)/profit on ordinary activities before taxation		(491,387)	1
Tax on (loss)/profit on ordinary activities		-	-
(Loss)/profit on ordinary activities after taxation		(491,387)	1
Dividends payable		(8,640)	-
(Loss)/profit retained for the year	6	(500,027)	1

A statement of movements on reserves is given in note 6.

Statement of Recognised Gains and Losses for the year ended 31st December 1999

	1999 US\$000's	1998 US\$000's
(Loss)/profit attributable to ordinary shareholders	(500,027)	1
Currency translation differences	(90)	149
Total recognised (loss)/gain	(500,117)	150

The notes on pages 9 to 14 form part of these accounts

Notes to the Accounts for the year ended 31st December 1999

1. ACCOUNTING POLICIES

The accounts have been prepared on a going concern basis, in accordance with applicable accounting standards and under the historical cost accounting rules.

The following accounting policies have been consistently applied:

- (a) The Company has elected not to prepare a Cash Flow Statement in accordance with the exemption granted under FRS 1 (revised) to subsidiary undertakings, where more than 90% of voting rights are controlled within the group, and consolidated accounts including the subsidiary are publicly available.
- (b) The Company's accounts have been prepared under the historical cost convention in accordance with the relevant Statements of Standard Accounting Practice and Section 258 of, and Schedule 4 to, the Companies Act 1985.
- (c) The Company has taken advantage of the exemption in the Companies Act 1985 to not prepare consolidated accounts as it is a majority owned subsidiary of Credit Suisse First Boston (UK) Investments, a company incorporated in the United Kingdom.
- (d) The directors are of the opinion that turnover and cost of sales do not have meaningful equivalents for the business of the Company and therefore these amounts are not separately included in the profit and loss account.
- (e) The Company has not disclosed segmental information because, in the opinion of the directors, the Company operates in one business sector, that of investment banking, and as a single global business unit.
- (f) Assets and liabilities in foreign currencies are translated into United States Dollars at the rates of exchange ruling at the balance sheet date. Transactions during the year were translated at month end rates.
- (g) Fixed asset investments are shown at cost less provision for permanent diminution in value.

1. ACCOUNTING POLICIES (continued)

- (h) Capital contributions are appropriations to reserves and are received from the parent and fellow subsidiary undertakings. Accordingly, such contributions are not taken through the profit and loss account.
- (i) Corporation tax payable is provided on taxable profits at the current rate.
- (j) Deferred taxation is provided under the liability method to the extent that taxation timing differences are expected to reverse in the future.
- (k) Interest income and expense is accounted for on a yield basis.
- (l) As 100% of the Company's voting rights are controlled within the group headed by Credit Suisse Group, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group which qualify as related parties). The consolidated financial statements of Credit Suisse Group, within which this Company is included, can be obtained from the address given in note 2.

2. PARENT, ULTIMATE HOLDING COMPANY AND SUBSIDIARIES

On 26th February 1999 the Company's immediate parent changed from Credit Suisse First Boston (International) Holding AG to Credit Suisse First Boston (UK) Investments. This was the result of a group transfer through which Credit Suisse First Boston (International) Holding AG acquired 98.07% of the voting ordinary shares and 100% of the preference shares in the Company to Credit Suisse First Boston (UK) Investments. At 31st December 1999 the Company was a subsidiary of Credit Suisse First Boston (UK) Investments. The ultimate holding company is Credit Suisse Group which is incorporated in Switzerland.

Notes to the Accounts for the year ended 31st December 1999

2. PARENT, ULTIMATE HOLDING COMPANY AND SUBSIDIARIES (continued)

The Company had the following wholly owned subsidiaries at the year end, all of which were registered in England and Wales except for Credit Suisse First Boston Securities ZAO, Moscow, which is registered in the Russian Federation, Credit Suisse First Boston Sociedad de Valores y Bolsa, SA, which is registered in Spain, and Credit Suisse First Boston (Italia) SIM SpA which is registered in Italy:

Credit Suisse First Boston (Europe) Limited and its subsidiaries,

Credit Suisse First Boston Trustees Limited

Credit Suisse First Boston Nominees Limited

Credit Suisse First Boston Telematico

Credit Suisse First Boston de Zoete & Bevan Limited

White Weld Investment Limited

Credit Suisse First Boston UK Nominees Limited

Credit Suisse First Boston Securities Limited

Credit Suisse First Boston Merchant Partners Limited

Credit Suisse First Boston Fixed Assets Limited

Credit Suisse First Boston Gilts Limited and its subsidiary,

Credit Suisse First Boston (Gilts) Nominees Limited

Credit Suisse First Boston Equities Limited and its subsidiary,

Credit Suisse First Boston (Equities) Nominees Limited

Credit Suisse First Boston Canary Wharf Health Club Limited

Credit Suisse First Boston Securities ZAO, Moscow

Credit Suisse First Boston (Italia) SIM SpA

Credit Suisse First Boston Sociedad de Valores y Bolsa, SA

Copies of group accounts of the ultimate holding company are available from Credit Suisse Group, Rmd 12, PO Box 669, 8021 Zurich, Switzerland.

Movements in investments in subsidiaries during the year, were as follows:

	1999 US\$000's
At 1st January 1999	1,806,656
Capital contributions	100,040
Permanent diminution in value	(500,000)

At 31st December 1999	1,406,696

Investments in subsidiaries are stated at cost and provisions only made when the directors consider there has been a permanent diminution in value.

Capital contributions were made to Credit Suisse First Boston de Zoete & Bevan Limited (US\$40,000) and Credit Suisse First Boston (Europe) Limited (US\$100,000,000) during 1999.

Notes to the Accounts for the year ended 31st December 1999

3. DEBTORS

	1999 US\$000's	1998 US\$000's
Amounts owed by parent and fellow subsidiary undertakings	1	114
Prepayments and accrued income	9	376
	<u>10</u>	<u>490</u>

4. OTHER CREDITORS

	1999 US\$000's	1998 US\$000's
Amounts owed to parent and fellow subsidiary undertakings	10,376	10,699
	<u>10,376</u>	<u>10,699</u>

5. CALLED UP SHARE CAPITAL

	1999 US\$000's	1998 US\$000's
Authorised		
100,000,000 ordinary shares of US\$1 each	100,000	100,000
1,000,000,000 preference shares of US\$1 each	1,000,000	1,000,000
35,000,000 preference shares of £1 each	58,003	58,003
	<u>1,158,003</u>	<u>1,158,003</u>
Allotted, called up, and fully paid		
73,369,578 ordinary shares of US\$1 each	73,369	73,369
735,000,000 preference shares of US\$1 each	735,000	635,000
35,000,000 preference shares of £1 each	58,003	58,003
	<u>866,372</u>	<u>766,372</u>

During the year 100 million preference shares of US\$1 each (1998 - US\$500,000,000), were issued at par to fund capital contributions to subsidiaries.

Notes to the Accounts for the year ended 31st December 1999

6. RESERVES

	Share premium US\$000's	Capital US\$000's	Profit and loss account US\$000's
At 1st January 1999	362,600	663,235	4,240
Loss for the year	-	-	(500,027)
Exchange differences	-	-	(90)
At 31st December 1999	362,600	663,235	(495,877)

7. MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 US\$000's	1998 US\$000's
Opening shareholders' funds	1,796,447	846,297
Issue of share capital	100,000	500,000
Net capital contributions	-	450,000
(Loss)/profit for the year	(500,027)	1
Exchange differences	(90)	149
Closing shareholders' funds	1,396,330	1,796,447

Notes to the Accounts for the year ended 31st December 1999

8. OPERATING INCOME

Operating income is stated after charging /(crediting) the following:

	1999 US\$000's	1998 US\$000's
Interest payable on amounts owed to parent and fellow subsidiary undertakings	31	147
Interest receivable and other similar income owed by parent and fellow subsidiary undertakings	(6)	(146)
Provision for permanent diminution in the value of fixed asset investments - shares in subsidiary undertakings	500,000	-

9. ADMINISTRATIVE EXPENSES

Auditors remuneration has not been charged in the financial statements but has been borne by another group company in both years.

10. EMPLOYEES' REMUNERATION

The Company has no employees other than its directors. The directors did not receive any remuneration in respect of their services as directors of the Company.