



1997 1998 1999 2000 **2001**

Berliner Effektengesellschaft AG Annual Report 2001

RESULTS AND STRATEGIES



AT A GLANCE

December 31, 2001	
Stock capital	16,797,016 € = 16,797,016 individual stocks
Free float	22.02%, 3,698,703 individual stocks
Balance sheet total	121,435,099.47 €
Stockholders' equity	118,725,970.18 €
Stock price at the close of the year	10.00 €
Group result	- 58,092,603.79 €
Company result	- 14,366,697.69 €
Proposed dividend	-
Number of employees in the Group	92



TABLE OF CONTENTS

ANNUAL REPORT 2001, BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

Preface.....	5
One, two, three.....	6
On this and on the other side of the Atlantic	7
The Day after and our transatlantic project.....	22
Our company.....	26
Core business.....	26
Majority shareholder.....	27
Organizational structure.....	28
Shareholders' structure.....	29
Our investment portfolio.....	30
Price development of our stock.....	31
Report of the Board and yearbook 2001.....	33
Annual financial statements.....	38
Balance sheet as of December 31, 2001.....	38
Assets.....	38
Equity and liabilities.....	39
Income statement.....	40
Notes to the annual financial statements for the year 2001.....	42
Auditors' report.....	49
Consolidated annual financial statements.....	50
Group balance sheet as of December 31, 2001.....	50
Assets.....	50
Equity and liabilities.....	51
Group income statement.....	52
Notes to the Group financial statements for the year 2001.....	54
Summarized management report and Group management report.....	69
Auditors' report.....	73
Report of the Supervisory Board.....	74
Imprint.....	76

PREFACE

Dear shareholders, business partners and friends of the Berliner Effektengesellschaft AG

The review of the year 2001 is a special one, after all, it was in many ways a difficult and unpredictable one year and the second half of it, in particular, was full of mostly unpleasant surprises.

It was a date that tore the year apart: September 11, 2001, shocked people all over the globe. For a while there were existential issues that had to be answered: the fear for world peace, a "re-evaluation" of previous values. Many declared their solidarity with the victims and the United States as a whole, saying, "We are all Americans." Crisis scenarios on the continued existence of political, social and economic freedoms of which had all seemed so natural, came to our minds and forced us to look into our hearts.

As the smoke at what used to be New York's World Trade Center settled, the world promptly moved on to "business as usual" and new topics were back on the agenda.

We for one were not even able to put up our own one in the first place, as we were almost overrun by the events surrounding SchmidtBank GmbH & Co. KGaA and Consors-Discount Broker AG. Maybe the world was created as a globe in order to make its inhabitants understand that there would be no sense in running away from anything. And thus, in spite of the personal pity we felt for the Schmidt family, we decided to focus on the facts. Firstly: henceforth our majority shareholder will have a new ownership structure, nothing more, nothing less. Secondly: an unexpected situation, however if we take a closer look, quite possibly, one with positive aspects for us.

An arduous year, but also one in which we made considerable progress from a strategic point of view. The year 2001 didn't exactly spoil us. However, the fact that something is difficult, should actually only be all the more reason to "roll up one's sleeves." This is nothing new, we also unbuttoned our cuffs when the times were better, something the French romancer Antoine de Saint-Exupéry expressed in a more philosophical way: "In order to see clearly, it often suffices to merely change one's perspective."

Yesterday it was being an exclusive market specialist, but today and tomorrow it has to be market making. The future is made out of ideas,

is something we are taught by advertising – just like: "We take care of the details." For us, that can only mean to continue working the business model, that we had initiated with Consors Discount-Broker AG. There is no better turn than the turnover. Order flow might be the magic formula but certainly it doesn't belong in the realm of magic: in spite of all the fragmentation of price fixing places, we put all our efforts in the further development of the project of Berliner Börse AG and Nasdaq Europe S.A., in order to create a strong market, in which we will be able to participate – not only as a market maker but from a strategic point of view.

The year 2001 was one in which a deal was a good deal if it wasn't a bad one. Our concept of the vertical integration with Consors Discount-Broker AG enabled us to put our operative figures in the black, however the year 2001, will be the last time that, write-offs and value adjustments on Consors stocks and our own ones will have a major effect on the taxes in the annual financial statements and the consolidated annual financial statements.

We would especially like to thank you for your loyalty and your trust in us in this year without dividend payments. Our stockholders' equity ratio of 97.8% has helped us lay down the foundations for the future. Share our confidence with us.

Yours sincerely

Berliner Effektengesellschaft AG

The Board

Berlin, May 2002



The Board of the
Berliner Effektengesellschaft AG:
Dr. Jörg Franke, Holger Timm



ONE, TWO, THREE

The year 2001, was the year of the “Triple Alliance”, the year when Nasdaq Europe S.A., the Berliner Börse AG and the Berliner Effektengesellschaft AG joined forces. A transatlantic liaison that takes its place in a more than 300 year old history, shared by Americans and Berliners. It’s time to tell it. Join us on our journey through three centuries of exciting history.

ON THIS AND ON THE OTHER SIDE OF THE ATLANTIC

If you were the one who “discovered” America in 1492 and thought that it was the Eastern coast of Asia until you died, then your name is Cristoforo Colombo and you became famous all over the world. But if, a few years later, on one of your four journeys along an unknown coastline, you gradually came to the conclusion that, you were sailing along the coast of the “New World,” then you are the descendant of a Patrician family from Florence and your name would be Amerigo Vespucci and, you would earn far less fame. Was it the Asian peninsula or a yet unknown continent? The question was resolved in 1507 by Matthias Ringmann and Martin Waldseemüller, two German cartographers. In their “Cosmographiae Introductio,” they drew a map of the “New World” as Vespucci had described it, a continent embraced by the sea and separated from Asia. The “certificate of baptism” read the following: “Now that the known continents have been extensively explored and another, fourth continent, has been discovered by Americus Vesputius (...), I see no reason why anyone should object to this new continent being named after its discoverer, Americus, a man with a wealth of ideas and a great mind, Amerige, land of Americus, or America. After all, were not Europe and Asia also named after women.” Thus it did not become Cristobalia or Columbia, but America, derived from “Amerigo” the Italian version of the name “Heinrich,” he who is “rich and strong at home.” Quasi Americi terram sive Americam: Ringmann and Waldseemüller knew of Columbus’ journey to “India,” but they were unaware of the historic mistake that he made, which is known to us today.

“HERE YOU CAN’T FOUND YOUR LUCK, THERE IT’S EASY TO BE FOUND”

It would take another 180 years before the first German settlers set out for the New World, that was the source of so many legends. Especially during the bitter aftermath of the Thirty Year War from 1618-1648 some had dreamt of it, but it would not be until 1683 that the English Quaker William Penn, would grant refuge in Pennsylvania, to “all the weary souls who had been oppressed in their beliefs.” The colony had been given to him by King Charles II to settle the financial debts owed by the Crown to his father. Penn embarked on two missionary journeys to his fellow believers in Germany to find settlers for “his Pennsylvania” as a “holy experiment.” The first to follow him



Enroute to the “praised country”

and accept his offer of affordable settlement property, were 13 linen weaver families from Krefeld, and so Germantown was born. The actual founder of the town was Dr. Franz Daniel Sartorius, who as with his fellow settlers was a member of the fellowship of piety, which being a protestant society, was the victim of religious persecution in many countries at that time. Prussian sovereigns, high officials, important academics and educated citizens were sympathizers of his belief and thus a spiritual bridge was built between Berlin and the first German settlers in North America. The fact that

Emigrant's Song

“Friends, why go on with this agony?
In America it is good!
Oh let us take up the walking-staff,
and set off with cheerful spirit.

We have nothing but sorrow and pain,
but there every heart is joyful.
And sound a cheerful hurrah
throughout the beautiful American
countryside!

There the hearts are not so cold,
America, oh beautiful countryside!
There the pain is not so worrying,
the tie of friendship is more common.

There usury is not at home,
worries do not bring wrinkles your brows.
I am going away, soon I will be there,
in the beautiful American countryside!

My sweetheart, pack your things!
With a cheerful yippee,
yes with jokes and laughter
the high seas carry us away.

Oh homeland take our last farewell,
my beloved give me a kiss,
you will always be close in my heart
in the beautiful American countryside!

To thank you for your loyalty,
you will have sweets,
the finest coffee beans,
you can drink early and late.

Oh Lord, what a life it shall be,
I will drink the best wine there,
and get a little hiccup or two
in the beautiful American countryside!

Oh young girls, do you want to be courted,
come with us to America!
And I will promise you:
soon you will be courted by thousands.

Splendid men, handsome and rich,
they will marry you at once,
thus do not hesitate, soon we shall be there
in the beautiful American countryside!”

Sartorius was close to Dr. Philipp Jakob Spener, generally known as the father of pietism, meant that the "bridge" was even more important. After having encountered a number of difficulties and been the victim of chicanery, Spener had found a place, in Berlin, where his authority would reach far beyond the city walls and go far beyond clerical matters: he was appointed pastor of the oldest church in Berlin, the Nikolaikirche, at that time the parish church of Berlin. Thus like the Huguenots and other minorities before them, Sartorius and his fellows from Krefeld could have easily found peace and tolerance in Berlin, a city that, since the days of the Great Elector, had been a cosmopolitan one. Instead they chose to cross the Atlantic with their pietistic ideals – Sartorius: "I was seeking to turn my back on Europe's vanity and lead a quiet and Christian life in the wilderness." He found this liberal soil in America and just like the Berlin Pietists, the first settlers there were social reformers. As the "father of German immigration," Sartorius and his fellows would leave behind them a thread that would run all thru German-American history: support for the oppressed, religious tolerance, resistance against corruption and the fight against slavery. They were so different to the narrow-minded puritans, who viewed the material success of the individual as a token of god's favor. US President John Fitzgerald Kennedy said much later: "The moderation of intolerant Puritanism in our daily lives is owed to the influence of the German immigrants (...) and it can be found directly anchored in our language, in our customs and traditions, and in our philosophy of life."

Berlin and Germantown, though they might have differed in size, were both a sanctuary for refugees. Here and there Spener and his followers could speak out against the "divine right" of monarchs, in fact they could even demand that every ruler must have the support of his people. As early as 1686 a city in Connecticut was named "Berlin" and both Frederick I and Frederick the Great were very popular in America. The "Old Fritz" was acclaimed by the intellectuals as the "philosopher of Sanssouci" and by the Quakers as the monarch who had abolished torture in Prussia in 1740.

THE ROAD TO "STARS AND STRIPES"

It was Frederick the Great who had realized at a very early stage that England's war in America

would be one that they would lose. These American colonists who gathered for the "First Continental Congress" in September 1774 were far too rebellious. At the very latest in May 1775, the convocation of the "Second Continental Congress" and the appointment of the "gentleman farmer" George Washington as commander-in-chief of the civil militia, signaled that the battle for freedom in the "New World" had begun. Finally on July 4, 1776, Congress passed the Declaration of Independence which had been drawn up by Thomas Jefferson: "These united colonies are legitimately free and independent states."

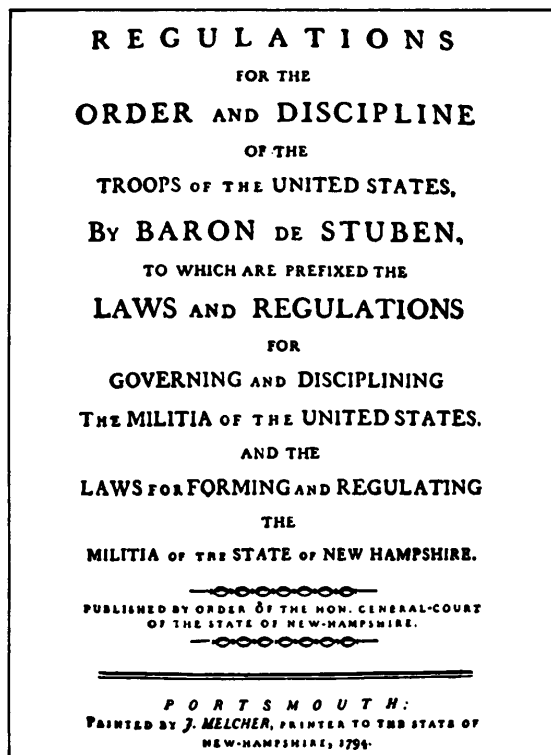


Vested right to freedom – the Declaration of Independence of the oldest democracy on Earth

However the fight of these "United States of America" against the British Crown would be far from easy. The soldiers – among them a great number of German immigrants – were starved, uneducated and undisciplined.

At the same time back in Paris, Benjamin Franklin and the poet and watchmaker Pierre-Augustin Caron de Beaumarchais were working together for the American cause. Military support was needed and came in the form of the recommendation of Baron Friedrich Wilhelm von Steuben by the French minister of war, the Count of St. Germain. He had been discharged from the army as the former second-in-command of Frederick

the Great at the rank of captain, not enough to impress Congress thought Franklin and Beaumarchais and promptly “beefed up” Steuben’s personal record making him, “His Excellency, Lieutenant General Baron de Steuben, in the service of the King of Prussia.” Within a few months, the newly “promoted” general, formed a powerful army out of America’s civil militia, not least thanks to a strict set of regulations on training, armory and rations for the troops, also known as the “Blue Book,” which would continue to serve as a training manual for the American army for many years. Other high-



Just like Julius Caesar and Hannibal: Steuben’s military discipline

ranking officers under Washington, who like Steuben had served in Berlin would continue to use it, men like Baron von Weißenfels, Colonel Heinrich Lutterloh or Johann Paul Schott, who had even signed on a ship and bought cannons at his own expense. The young Berliner justified his commitment by saying, “I have chosen America as my homeland.”

The American victory at Yorktown in October 1781 brought an end to the war for independence. Now it was time for the Americans to start building up their new nation. On the other hand the court in Berlin was interested in a trade agreement with the young republic with its

wealth of natural resources. However after their long fight for freedom, the Americans wanted to have more than just a normal treaty, they wanted to see their ideals of human rights embodied in it. George Washington, who had in the meantime been come into office as the first president of the United States, gave full authority to Thomas Jefferson, Benjamin Franklin (who in the meantime had published the first German newspaper in America) and John Adams, to conduct the negotiations with the Prussian ambassador, Baron Friedrich Wilhelm von Thulemeier. The presence of Arthur Lee as the first American envoy to Berlin had been the start, however the “Friendship and Trade Agreement between His Majesty, the King of Prussia, and the United States of America” on September 10, 1785, would signal the opening of “a new era of international relations,” as described by Washington: for the first time in history, humanitarian principles had been embodied in international law.

Even more, surely, in the Constitution of the United States, which had been drawn up in Philadelphia in 1787 and as such a description of the nature and role of a government within the separation of powers. The first ten amendments were added to the constitution as the “Bill of Rights” in 1791 and guaranteed all American citizens the civil liberties of freedom of religion and speech from that moment on. Everyone should have the equal and inalienable right to life, freedom and the pursuit of happiness.

BERLIN, YOU’RE BETTER OFF

If John Quincy Adams, the first ambassador of the United States to Berlin, came to the city today, he would find his old neighborhood almost unchanged: when he was sent to today’s German capital in 1797 the Brandenburg Gate already stood and the State Opera, the Zeughaus and the Prinzenpalais (today known as the Humboldt University) already flanked the magnificent “Unter den Linden” boulevard.

John Adams’ son, as the general representative of the Prussian royal dynasty had the task to fulfill the renewal of the Friendship and Trade Agreement, which, in the meantime, had expired. However as Napoleon Bonaparte had become even more powerful and the political situation in Europe was no longer as stable, Prussia was

reluctant when it came to signing the treaty for the fear of affronting France. When the agreement eventually was signed on his 32nd birthday, on July 11, 1799, Adams had used the delay to indulge in culture and had dedicated himself to what had fascinated him as a student – the German language. His translations of the works of Gotthold Ephraim Lessing and Eduard von Bülow increased the interest for German literature within the educated circles of the American republic and he was later remembered as the “father of German studies” by many academics in his homeland. Many of his contemporaries followed Adams to the Friderician Berlin that appealed to them as “Little America” due to its cosmopolitan population.

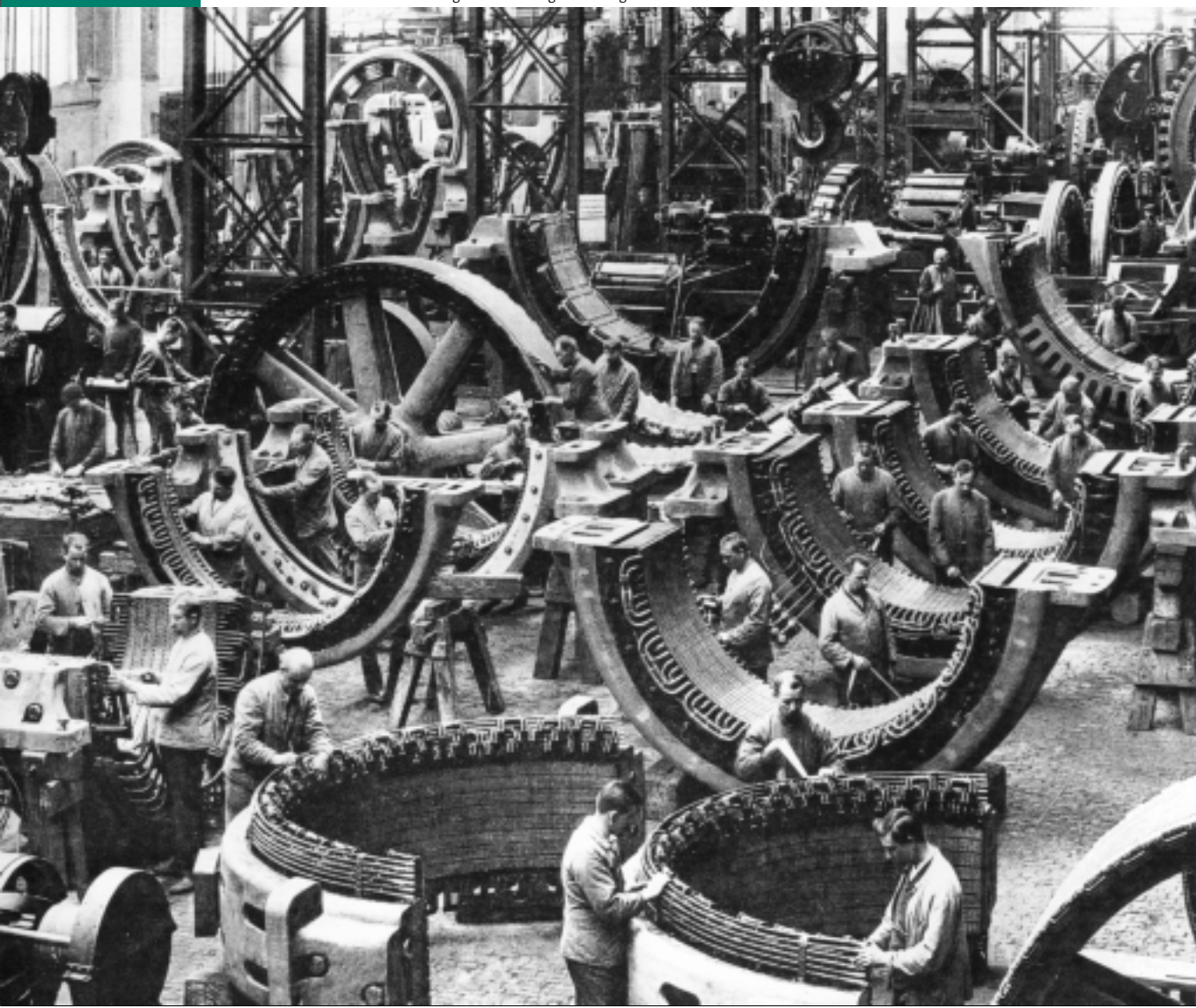
Americans became students of Johann Gottlieb Fichte, Friedrich Daniel Ernst Schleiermacher and Georg Wilhelm Friedrich Hegel. But, at that time, Berlin’s greatest attraction was the scientist Alexander Freiherr von Humboldt who, had

traveled to the White House in Washington when it was still under construction, as a guest of America’s third president, Thomas Jefferson. Bayard Taylor, later to become the American envoy, described the fascination that surrounded the geographer: “I did not come to Berlin to admire (...) its museums and galleries, but to talk to the greatest man alive today: Alexander von Humboldt.”

REVOLUTION HERE...

As a one of Humboldt’s contemporaries, August Borsig had founded his machinery plant in the area outside the Oranienburg Gate, “Feuerland,” as it was then called. Industrialization had come to Prussia and with it came the hopes of the immigrants for employment opportunities in the expanding city of Berlin. However much of their faith in the future was lost shortly after arriving in the working class neighborhoods – the social situation of the lower classes was deteriorating

Man and the machine – Berlin grows to the largest housing area in the world



fast. The harvests of 1845 and 1846 were a disaster and grocery prices went up while wages continued to fall. As a result, the protests became louder and louder: women whose husbands were unemployed could not afford to buy the “Fünfgroschenschrippe” (the most affordable bread roll) – however the “bread riots” and the “potato war” would only mark the beginning: it was about more than that, it was about the abolishment of the feudal system and the constitution of a democratic republic. From France the “wretched smell of the revolution” wafted across. When on March 18, 1848, a proclamation was to be read out in front of the palace, the military was suddenly called out. Shots were fired. Citizens took up arms. Prince Wilhelm, the later King, refused to withdraw his soldiers: “We have to batter down those insurgents with rifles.” The rebels had put up barricades made of scattered materials, market stands and horse carts and had been asked to clear them away by the King in his manifesto, “To his dear Berliners” after a half-day fight. However they replied by insisting that the troops first be withdrawn. Despite immediate arrests, the abduction of as many as 600 suspects to the Spandau penitentiary and several executions, the Berliners still felt unbeatable and marched on the palace again, this time to lay out the 187 killed: Protestants, Catholics, freethinkers. The King had to pay them his last respects.

On the other side of the Atlantic, Americans sympathized publicly with the revolutionaries as they were fighting for the “American ideals.” German organizations sent delegates to Berlin, leaflets promised support from the “brothers in America” and on Broadway the Mayor of New York called for a memorial procession to honor the victims of March 18, 1848. Nevertheless: the dream of a German republic and of a united country was over. Compared to the emigration of the first purely politically motivated reformers after the “Hambacher Fest” in 1832, the emigration of the “fortyeighters” resembled a mass exodus. The most prominent among them and until today the most popular of the German-Americans was Carl Schurz: as a committed protagonist in the fight against slavery, he became acquainted with US President Abraham Lincoln and fought during the Civil War. Later he served as the US ambassador in Madrid and held the office of a Senator in Missouri.

“To my dear Berliners!

By calling the guard in today, I have let you feel the true feelings of your King toward you and to the entire German nation. The cheers of the crowd, of the countless, loyal subjects that greeted me, had not yet died away, when that number of disturbers to the peace began to jeer their audacious and seditious demands, which got louder, as the well-intentioned departed. As their violent entrance to the square of the palace had forced us to fear bad intentions and they had insulted my brave and loyal soldiers, it had made the clearing of the square necessary by the cavalry, and two rifles of the infantry then discharged automatically, but there had been no injuries, thank God. A pack of miscreants, mostly foreigners, who have been infiltrating us for more than a week in spite of efforts to find them, have distorted this situation with evil plans full of obvious lies, inciting the my loyal and dear Berliners with revenge and making them believe that blood had been shed, thus, in that mean dastardly way, they have made themselves responsible for the ensuing bloodshed. My troops, your brothers and fellow countrymen only discharged their weapons only after they had been forced to do so when many shots had been fired at them from the Königstraße. The victorious advance of the troops was a necessary consequence.

It rests with you now, citizens of my beloved capital, to prevent even greater chaos. Your King and most loyal friend entreats you by everything you hold most sacred to recognize your unhappy and fatal error. Return to the path of peace, clear away those barricades still standing and send men to me, men filled with that old genuine Berlin spirit, who can speak in words befitting the presence of your King. And I give you my royal oath that at the same time every street and square will be cleared of all troops, and military occupation will be restricted solely to those buildings where it is still necessary, the castle, the arsenal and a few others and even this will only be for a short period of time. Oh citizens of my loyal and beautiful city of Berlin, listen to the fatherly voice of your King. Forget what has happened, just as in my heart I too will forget it for the sake of that great future which will, under God's peaceful blessing, dawn for Prussia and through Prussia for all Germany.

Your loving queen and true mother and friend, who is so sad, joins her tearful pleas to mine.

Written on the night from March 18 to 19, 1848

Signed Frederick Wilhelm”

... WAR THERE

Schurz and other realists saw the years of the bitter war between the North and the South as an opportunity for the immigrants to prove where they belonged to, by taking sides and fighting for the cause of the Union. During the American Civil War of 1861-1865 they supplied the first volunteer regiments. One of them was brigadier general Adolph Wilhelm August Friedrich von Steinwehr, the descendant of an old Prussian family of army officers, who had emigrated to America because of his liberal views. Other contemporaries like Captain Fritz Anneke had been expelled from the Prussian army for their democratic opinions. The young Ferdinand Count Zeppelin had joined the Union's army and for the first time in his life took off in a captive balloon during the Civil War. Those of the Berliners, who had stayed back home took sides with Lincoln. Many reported to the American consulate in order to volunteer for the Union's army. Although some Prussian officers did serve in the Southern army, looking back, Carl Schurz summarized: "(...) by far did the most of them, the most intelligent, most progressive and the most active, sympathize with the North." The Union's states were able to buy weapons in Berlin and Prussian bankers gave war loans to the North.

Following the Prussian constitutional conflict, Otto von Bismarck had become Prime Minister of Prussia in 1862. Immediately he had informed US President Lincoln that he would remain neutral, but did not conceal his sympathies for the Union's cause. Lincoln thanked Bismarck for his benevolent stand two years later when Prussia and Austria were at war with Denmark for Schleswig-Holstein. In the honor of the "Iron Chancellor" they renamed the small town of Edwinton on the banks of the Missouri, "Bismarck," today it is the capital of the state of North Dakota.

The assassination of Lincoln at the end of the Civil War in 1865, caused great grief among working classes in Berlin, after all they had seen him as, the man who had abolished slavery, a national tribune, a role model to the poor and deprived of the world – the letters of condolence read: "He fought for the great principles of human rights."

"HAIL TO YOU IN THE RING OF VICTORY" – WILHELMINISM

On January 17, 1871, one day before the imperial proclamation was to be celebrated at Versailles' mirror hall, King Wilhelm I quarreled with his destiny: "Tomorrow will be the most miserable day in my life! We will carry Prussian royalty to the grave." Wilhelm perceived the inevitable acceptance of imperial dignity as a farewell to Prussia. However, from the distance German-Americans saw that their dream of a united nation was about to come true. And the Emperor who for them was no longer the "Rifle Prince," stood godfather. Johann August Röbling was well reminiscent of him, too, and had emigrated to America in order to settle in Pennsylvania. There he had begun to produce steel cables which would enable him to build suspension bridges that would even stretch across the Niagara Falls – watched by the suspicious eyes of supposed experts, who had warned of the "charlatan." After many difficulties he began with the construction



Using Röbling's steel across the East River: the Brooklyn Bridge

of the Brooklyn Bridge which would link the New York boroughs of Manhattan and Brooklyn. After his death, the bridge was completed by his son Washington Augustus Roebling and was celebrated as the "eighth wonder of the world" upon its completion in 1883 – also by those of German origin who had come to America – fleeing from Bismarck's socialist law.

Wilhelmine Germany was full of contradictions. The luxury buildings of successful industrialists were opposed by the gloomy working class neighborhoods with their uncountable backyards. At the turn of the century less than half of its

citizens had been born in Berlin, a result of emigration from the rural areas of Eastern Germany where the pay earned had fallen far behind those in the industries since the agricultural crisis in the 1870s. The cities absorbed the stream of migrants which until then had been directed mainly towards North America. The end of the free land immigration to America in 1893 meant that immigration gave way to European East-West continental migration. Urbanization went fast: Emil Rathenau had realized the future perspectives of electrical engineering at a very early stage and had acquired licenses to the patents of the American technician and inventor Thomas Alva Edison. After that he had founded the "German Edison Corporation for Applied Electricity," that built and operated the first productive power plants outside the USA. Trams began to run on electricity, the first automobiles indicated a new era of mobility and new methods of communication passed their "water test": on September 1, 1900, the first German transatlantic cable was put into service by a telegram exchange between Emperor Wilhelm II and US President William McKinley. The economy flourished and Germany became the second largest "labor importing country" behind the USA. On the basis of these common interests and as bilateral trade and investments increased, the American Association of Commerce and Trade was founded in Berlin in 1903.

Frederick the Great had urged his heirs in his last will and testament: "Prussia is a continental power (...). By the time we do not have any colonies in Africa or America, I congratulate my successors. Such distant possessions depopulate the states to which they belong (...)." An inheritance that did not fit with the "claim to international reputation" of the German Empire of Wilhelm II. His passionately driven fleet-building and the imperialistic colonial policy marked a distinctive departure from the previous maxim of German policy. With regard to foreign policy the Empire did not know the term peace but only a state of "non-war" that finally resulted in isolation within Europe: the "arch-enemy" France and tsarist Russia were close political and economic allies, the British Empire felt challenged by the Wilhelmine arrogance and Italy was about to withdraw itself from the former triple

alliance with the German Empire and Austria. The Emperor saw himself surrounded by "enemies" – their number increasing with every year of the inevitable World War One. The American President Thomas Woodrow Wilson, who had been an advocate of strict neutrality at the outset, changed his mind when a German submarine torpedoed a British passenger steamer off the Irish coast and 128 Americans were killed. In addition to that the allies owed great debts to the US and only a victory of the Entente could possibly ensure reimbursement. Once the German Emperor had announced the unrestricted submarine war, the US declared war on the "central powers" of Germany, Austria-Hungary, Turkey and Bulgaria. In November 1918, the military situation was desperate and the people tired of the bitter war. Social misery within Germany caused the outbreak of the revolution. Confronted by workers on strike and rioting soldiers, Reich's Chancellor Max von Baden arbitrarily announced the abdication of the Emperor.

VERSAILLES AND WEIMAR

Prussia had always been a stronghold of conservatism. Now, the revolutionists – most of them of Berlin origin – argued on the "proper" form of government: should it be a republic on the basis of the Bolshevik model, a parliamentary republic, a socialistic-centralistic national state or should it be a confederation with a revival of Prussia? With Friedrich Ebert as the Reich's Chancellor, the decision was taken in favor of the parliamentary model – the constitution was drawn up by the elected national assembly as a foundation of the Weimar Republic. Its beginnings were dreadful, as military defeat and the pressures of the Versailles Treaty – that had not been signed by the US – burdened them. The US concluded a separate peace treaty, which was ratified by Congress on August 25, 1921, in Washington.

As gray as the economic situation of those years might have been, Berlin experienced a glorious cultural renaissance during the "Golden Twenties." While revolutionary and expressionist pathos flourished after the abolition of censorship and the imperial art dictate, prosaic social criticism became the focus of an avant-garde



From Wilhelm II to Friedrich Ebert

lifestyle. Duke Ellington and his “Chocolate Kiddies” performed as one of the first American jazz bands in Berlin and made the Charleston the favorite dance. Josephine Baker caused “A sensation when she performed covered only by bunches of bananas on the Nelson-revue on the Ku’damm,” as a contemporary put it. Berliners sang the tunes of American Irving Berlin, who had changed his name from Baline because he had been so enthusiastic about the world’s then third largest city with its 4.3 million citizens. At the Adlon Hotel the world came together: American oil-millionaire John Davidson Rockefeller met with Berlin conductor and composer Wilhelm Furtwängler, Marlene Dietrich was discovered here as well. Walter Gropius, who had become famous in the US for his design of the administration building of the Chicago Tribune, set a benchmark for new and more rational constructions with his “Bauhaus” style – after all Berlin lacked approximately 100,000 flats and that number was in excess of a million within the Reich’s frontiers.

SOMEONE WHO DID NOT SPEAK ENGLISH AND HAD NEVER BEEN TO THE US: ADOLF HITLER

Inflation, the depression and mass unemployment did not only motivate Hans Fallada to ask: “Little man, what next?” Right-wing salvationists, led by Adolf Hitler with his unparalleled agitations against democratic values, appeared to have the solutions. America, that had first appealed to him in “Mein Kampf”, almost as a role model of a “Rassestaat” (racial state) for his “Greater Germanic Reich of the Future” – for its “proper immigration policy that had made the Germanic rule the US,” although always endangered by the “Jewish bacillus,” as the puppet of which, US President Wilson had driven the American people into World War One. During the first years after Hitler’s seizure of power in 1933, national-socialistic anti-Americanism was kept in the background, as it was politically opportune. The establishment of the first chair for American studies at the Berlin Friedrich-Wilhelm-University meant that an institutional breakthrough had been achieved, interestingly enough, in 1936.

During that same year the Olympic Summer Games were staged in Berlin: Hitler had perverted Darwin’s ideas to an extent, that would define the life of humans and mankind as a persistent struggle between life and death, where the “Arian master race” would succeed and the weak would fail in the end. The triumphant Jesse Owens turned the national-socialistic ideology of the “superior Arian race” into a joke.

In November 1937, Reich’s Minister of Aviation, Hermann Göring announced that, there were states, to which Germany had good relations, and that there were states, to which Germany had bad relations, but to America Germany did not have any relations at all – an unprecedented shift from the America-conform policy, after US President Franklin Delano Roosevelt had condemned the policy of the so-called “aggressor states” and had called for their isolation in his quarantine speech. Henceforth “Americans” were presented to the German nation as the true “agitators of war,” a people interspersed with “jews” and “niggers.” Hitler thought of himself as being strong enough to build a German hegemonial continental empire, that could defy the US. At a meal in September 1941 he explained: “(...) I am filled with pleasure that Germans will one day witness that England and Germany will stand united against the US. Finally we shall have found the proper partner.” Back then Hitler should have listened more carefully to the words of Sir Winston Leonard Spencer Churchill, who said: “A wise man does not make all the mistakes by himself. He allows for others to make them as well.” The “Führer” made some wrong assumptions: after the Japanese attack on Pearl Harbor on December 7, 1941, Hitler assumed that the US would not withstand the entanglement of a war on two fronts and underestimated the military potential of the Americans while overrating that of the Germans, and thus declared war on the US, together with Italy, four days later. His ultimatum for Germany as a “world power or its decline” came closer to its decision. While Hitler focused on the campaign against Russia, mainly geared towards “securing new living space” and fighting the “Bolshevist

storm tide,” the allies’ air superiority on the Western front grew stronger. In November 1943 the systematic bombardment of Berlin began and eventually on April 16, 1945, Russian and American soldiers shook hands at Torgau, while Hitler refused to leave his bunker at the Reich’s Chancellery surrounded by the burning city of Berlin. On May 7, 1945, “Hitler Germany” surrendered unconditionally at the American headquarters at Reims and on the following night the ceremony was repeated at the Russian headquarters at Karlshorst on the outskirts of Berlin.

“WE AS BERLINERS GOT USED TO THE FACT, THAT HELP ALWAYS CAME FROM ABOVE OR FROM THE OUTSIDE”

**Dr. Gregor Gysi,
Berlin Senator for Economics, Employment
and Women
(2002)**

The only thing that the Soviets and the Western allies had had in common during the war had been the “German enemy,” that they had now defeated. Germany was in ruins. Three theoretical models were discussed in the US: in their diversity they ranged from the Morgenthau Plan which meant, the complete annihilation of Germany, to a “strict, but just” variation with elements of punishment and simultaneous “re-education,” to an immediate reconstruction of (West) Germany in order to form a political, economical and military bastion against communism. In reality a mix of theory two and three prevailed during 1946/47 – Catharsis rather than Cathargo. Whereas the US invested tenfold of what they had destroyed, in the Soviet zone almost three quarters of all industrial production were carried away. The gap between the allies widened, the Americans and the British forced the break by founding the Bizone. If the US had tolerated the Sovietization of Eastern Europe in 1945, now, in 1947, it was all about marking their sphere of influence. Secretary of State George Catlett Marshall invited 22 countries to join the “European Recovery Program” that, in his honor, would enter the annals of history as the “Marshall Plan.” 300 million US-\$ were budgeted for the reconstruction of West Germany, finally it ended up being a total of 1.4 billion US-\$ – not including the humanitarian support provided by the Americans. The “German Central Committee for the Distribution of Foreign Alms” had been responsible for the distribution of the legendary

“Mr. Chargé d’Affaires!

The government of the United States having violated in the most flagrant manner and in ever increasing measure all rules of neutrality in favor of the adversaries of Germany and having continually been guilty of the most severe provocations toward Germany ever since the outbreak of the European war, provoked by the British declaration of war against Germany on September 3, 1939, has finally resorted to open military acts of aggression.

On September 11, 1941, the President of the United States publicly declared that he had ordered the American Navy and Air Force to shoot on sight at any German war vessel. In his speech of this year’s October 27, he once more expressly affirmed that this order was in force. Acting under this order, American war vessels, since this year’s early September, have systematically attacked German naval forces. Thus, American destroyers, as for instance the “Greer,” the “Kearney” and the “Reuben James,” have opened fire on German submarines according to plan. The Secretary of the American Navy, Mr. Knox, himself confirmed that American destroyers attacked German submarines. Furthermore, the naval forces of the United States, under order of their government and contrary to international law have treated and seized German merchant vessels on the high seas as enemy ships.

The German Reich’s government therefore establishes the following facts: Although Germany on her part has strictly adhered to the rules of international law in her relations with the United States during every period of the present war, the government of the United States after its initial violations of neutrality has finally proceeded to open acts of war against Germany, and thereby virtually created a state of war.

The German Reich’s government, consequently, discontinues diplomatic relations with the United States of America and declares that under these circumstances brought about by President Roosevelt, even Germany, as from today, considers herself as being in a state of war with the United States of America.

The expression of my high consideration

Ribbentrop
December 11, 1941



Reconstruction with the "Man of the Year" 1943 and 1947: George Catlett Marshall



1575 calories per day for every German – arrival of CARE-parcels in Berlin-Tiergarten, 1948

"CARE-parcels," that contained groceries and clothing from the US, since 1946.

One after the other, the World, Europe, Germany and Berlin were divided into East and West – Cold War. The former capital of the Reich did not belong to any of the occupation zones, but had been placed under the Allied Control Council, the joint administration of the four victorious powers, since May/June 1945. Geographically Berlin was situated right in the center of the Soviet sector, a contractual agreement on its access routes

never existed except for aviation arrangements and the Western powers had always taken free transit rights to the city for granted. On the day of the West German monetary reform, the Soviets stopped the interzone traffic, four days later when the deutschmark was also introduced to the sectors of West Berlin, railway and waterway traffic were also stopped. On the late evening of June 23, 1948, the lights went out: the Soviets had cut off West Berlin's power supply.

Berlin was the Achilles heel of the Western occupational powers. Should they leave the city to the Soviets or should they defend it and risk a new war? On June 25, 1948, General Lucius Dubignon Clay, military governor of the American sector, gave the answer by ordering the airlift. During the next months Berlin was supplied from the air by more than 270,000 flights by the Americans, the British and the French: more than 380 different "Rosinenbombers," carrying coal, groceries and medicine, landed at Tempelhof, Gatow and later in Tegel, the airport that had been built by 19,000 Berliners, in an amazing 85 days. In the fall of 1948, shortly before he was elected Mayor of West Berlin, Ernst Reuter proclaimed: "Peoples of the world, look at this city and realize that you must not surrender this city and its people!" Finally in early 1949 the Soviets caught on how absurd their demonstration of power had been and ended the blockade after negotiations had been held and a Four-Powers-Agreement had been signed.

"The islander keeps calm,
the islander doesn't like to make a to-do,
the islander never loses hope,
that his island will again become beautiful dry land."

In the middle of Berlin blockade, Günter Neumann wrote his revue "The Club of the Islanders" for RIAS, which was first broadcast on Christmas Day 1948.



After the blockade: thanks to the "Candy Pilots"

“BE CAUTIOUS DURING THE COMING YEARS”

**Konrad Hermann-Josef Adenauer,
former Chancellor
(1953)**

Berlin remained a divided city. Although the Western powers had managed the crisis of the brutal blockade successfully, it had now become clear that the formerly intact anti-Hitler-coalition with the Soviets had irreversibly fallen apart and that there were no longer any reasons why there should be any hesitation in founding a separate West German state. And the young government of the Federal Republic was prepared to accept a temporary division of Germany. A policy of strength and the magnetism of economic prosperity would force the GDR to join the federation sooner or later anyway.

Initially Prof.-Dr. Ludwig Erhard's social market economy and the era of the “economic miracle” promised that this maximum strategy would succeed. However politically the Federal Republic was also evolving from its role as “Washington's ward” (Herbert Wehner) to become an accepted partner within the worldwide community of countries. Uniting the functions of Chancellor, Chairman of the CDU party and Secretary of State, Konrad Hermann-Josef Adenauer brilliantly knew how to build up confidence and with his tenacity, knew how to improve Germany's position. Step by step the Federal Republic joined almost all of the important international organizations and, finally, in 1955, regained its sovereignty. In those days it certainly came as an advantage that both Adenauer and US President Dwight David Eisenhower shared almost identical conceptions of moral-religious and political values; the relationship to US Secretary of State John Foster Dulles evolved from early mutual skepticism to friendly respect in the end.

The “Chancellor with the Iron Will” visited the US for the first time in 1953 and again in 1956. US Vice President Richard Milhous Nixon welcomed the German delegation stating his belief that the “Traditional longstanding friendship between the two states had been tragically interrupted by the Nazi regime and that both peoples had only been temporarily alienated from one and other.” The Federal Republic clearly stood on the Western side of the “Iron Curtain” and Adenauer was at the peak of his political career.



New brooms sweep better – but different ones in East and West

JEANS, GENEX-PANTS AND THE “RED TSAR”

In 1956 bilateral cooperations on a cultural level had been negotiated, however in reality there was really no need for that. Certainly the 1950s were above all an era of remembrance: the Freiheitsglocke (Liberty Bell) chimed at the Berlin-Schöneberg town hall from October 24, 1950 – a replica of the Philadelphia Liberty Bell that had announced independence in 1776 and had been handed over by General Clay, as a gift from the American people. And the “Hungerharke” (rake of starvation): the airlift memorial of 1951 with its three concrete ribs pointing West, remembers the three air-corridors to Berlin to this day. After many years of cultural isolation Germans remembered their intellectual roots: Goethe was popular – so were Coca-Cola and the “young hooligans” of rock'n'roll. Bill Haley and Elvis Aron Presley were broadcast directly into the German living rooms by the “American Forces Network (AFN)” and the “Rundfunk im amerikanischen Sektor (RIAS).” The American Way of Life, a positive mass culture had arrived in (West) Germany's everyday life. Some of the artists who had been considered as “degenerates” during Nazi times returned, others settled down in the US, while some came to visit or stayed only for a couple of years. Bertolt Brecht had already moved to East Berlin in 1949 and eye-witnessed the popular uprising. As with many other intellectuals in the

“Do we really have to copy every single bit of trash that comes from the West? Comrades, I think we have had enough of their monotonous yeah, yeah, yeahs and the rest of it, yes I think enough is enough.”

Walter Ulbricht,
former Head of State of the GDR
(1965)

GDR, he initially supported the restrictive actions of the SED party against the demonstrators on June 17, 1953. If the “working people” had initially fought against the rise of the standards, it was soon to be about something far more fundamental – a worker said: “Colleagues, this is not about standards and prices. This is about more than that (...). This is a popular uprising. We want to be free.” With the support of the civil police the Soviet army bloodily crushed the uprising. More and more GDR citizens “left for the West,” more than 250,000 in 1954 alone.

Especially the Soviets would use Germany’s inner conflicts as a spearhead during the Cold War and for their own impetuous ideological and political confrontations with the US. A reunification would be possible solely under the premises of communism. In 1958 the Soviet Union started its next attack on the most vulnerable spot of the North Atlantic alliance, Berlin. Without further ado, Secretary General Nikita Sergejewitsch Khrushchev declared the rights of the Western powers to the divided city as null and void and demanded that Berlin should become a free city, independent from the West. If this ultimatum was not met the Soviet rights to Berlin would be transferred to the GDR within six months. The three other victorious powers refused to discuss the status of Berlin separately from the German question and the outcome was successful in the end: the ultimatum passed and nothing really happened. Adenauer triumphed: “We were pretty lucky.”

155 KM OF BARBED WIRE AND CONCRETE

However tensions remained and international conferences failed to find solutions. In early 1961 Khrushchev renewed his 1958 ultimatum and again the Western powers refused to give way. Everyday thousands escaped to the West. Walter Ulbricht, then Head of State of the GDR, had the solution to the problem: simple, brutal and unbelievable. Had he not been the one who had “reassured” the East Berlin press on June 15, 1961, that: “No one has the intention of building

a wall,” now during the early morning hours of August 13, 1961, the armed forces of the GDR, under Secretary of the National Defense Council Erich Honecker’s command, began sealing off East Berlin using barbed wire and road blocks – “To hinder the hostile activities of the revanchist and militaristic forces of West Germany and West Berlin.” Never before had “Socialism” had a more grotesque face than during those days. What could the West do without risking a new war? Cautiously Germans and Americans limited themselves to diplomatic protests – it was only Willy Brandt, then Mayor of West Berlin, who condemned the Ulbricht regime: “They are not just erecting a border separating states but the wall of a concentration camp” right thru the heart of Berlin. Entwined with barbed-wire, the title page of the “Bild” newspaper read:

“The East takes action – and the West?
The West does nothing!
President Kennedy is silent,
Macmillan is out hunting
and Adenauer scolds Willy Brandt.”



1961: the fence separates, the Wall divides

Many Germans and Berliners felt betrayed and viewed the reinforcement of the US troops in Berlin and the assignment of General Clay for psychological support merely as a gesture, but nothing that could make the “wall of disgrace” come undone. Only after Kennedy’s tragic death in 1965 did Adenauer express his great disappointment about the subdued reactions of the then US President, in a conversation with Henry Alfred Kissinger: the whole stupidity and sentimentality of the Germans would be reflected in the fact that they would name bridges and streets after someone who had done so much

“If you’re shooting in the first place, then you should do it in a way that the concerned can’t escape, rather in a way that they have to stay here.”

Erich Mielke, former Head of the Ministry for State Security of the GDR,
April 28, 1989

damage to them and who had almost “sold” them out.

German-American relations were under pressure when US President John Fitzgerald Kennedy came to Berlin for the 15th anniversary of the airlift in 1963. However his charisma and his brilliant rhetoric helped him to turn his timid crisis management into a subsequent success. He renewed America’s promise to side with Berlin – the closing sentence of his speech: “Ich bin ein Berliner” remains legendary to this day.

“COMMUNARDS” AND VIETNAM

After Adenauer’s resignation, Chancellor Prof.-Dr. Ludwig Erhard and US President Lyndon Baines Johnson entered office almost simultaneously. Germany felt flattered upon being called the “51st state of the US.” However that changed with the onset of the permanent bombardment and the assignment of the first regular US armed forces divisions to Vietnam in February/April 1965. The “German question” and the reunification of Germany were thrust into the background. The main concern from the German perspective became the fact that the Johnson administration might withdraw their troops from Germany and West Berlin and even worse, that they might demand Bundeswehr operations as a token of Germany’s loyalty to the alliance. The US involvement in South East Asia meant that no longer “everything American” was guaranteed the unreflected approval of the German public, the “Extra-Parliamentarian Opposition (APO)” led by Rudi Dutschke rebelled against the “establishment” and American Centers became the targets of leftist students. The “Ami go Home”



The “sixtyeighters” and the fading aura of the US

slogans were heard during the great coalition led by Chancellor Kurt Georg Kiesinger, who was not as “americophile” as his predecessor Erhard.

BETWEEN THE FOUR-POWERS-AGREEMENT AND THE “ZERO-SOLUTION”

In 1969 a new era of German-American relations began with Chancellor Willy Brandt and Secretary of State Walter Scheel on the one side and US President Richard Milhous Nixon and Harvard professor Henry Alfred Kissinger as US Secretary of State on the other side. On the threshold of the 1970s the political deadlock of the “German question” was ubiquitous, a departure from the old theoretical models was needed. The socialist-liberal coalition reversed the premises of the valuation of German reunification as a presupposition for the détente in Europe by 180 degrees and postulated now a peaceful cooperation of East and West as the basis for an undivided Germany. In general, even Nixon was willing to switch from “confrontation” to “cooperation,” like the Soviets who were about to build up a totally different focus of tension with the “new third Superpower,” the People’s Republic of China. After negotiations that lasted for months, the ambassadors of France, Great Britain, the Soviet Union and America signed the Four-Powers-Agreement on Berlin on September 3, 1971. For the first time since 1945, the Soviet Union in it guaranteed free transit between the Federal Republic of Germany and West Berlin on the streets, the rails and on the water. Moscow consequently accepted West Berlin’s affiliation to West Germany’s regulations on economic, social and legal affairs.

Following the political scandals on both sides of the Atlantic – Guillaume here, Watergate there – the changing of the guard was marked by the entrance of Chancellor Helmut Schmidt and President Gerald Rudolph Ford into office. During these few years the US attended to a multilateral approach to solutions that rapidly changed when James Earl (Jimmy) Carter entered office in early 1977: he considered the world as manageable by merely deciding from the White House, but his policies did not know the element of steadiness. Security issues were the great topic of those years: NATO-Double Agreement, Pershing II, Cruise Missiles. The Federal Republic ascended to the North Atlantic leadership squad sitting at the same negotiating table with the four Western nuclear powers.

IT SHALL GROW TOGETHER WHAT BELONGS TOGETHER

The socialist-liberal coalition had fallen apart and Dr. Helmut Kohl was Chancellor, since October 1, 1982. Transatlantic friction points were not lacking, as the armaments race between the East and the West was in full swing. President Ronald Wilson Reagan's joke during a sound check in 1984 might be considered as symptomatic for the atmosphere between the then Superpowers: "The bombing of Russia will start in five minutes."

In 1983, the arrival of the first German immigrants 300 years ago and the German roots of 50 million Americans were celebrated on both sides of the Atlantic, however Ronald Reagan only returned to the Federal Republic in 1985 on the occasion of the 40th anniversary of the end of the war. A few months earlier he had been re-elected into office by a vast majority. Following the astronomically high defense budgets of the early 1980s now, during his second term in office, he had become extremely anxious to enter history as a "President of Peace." Later in his memoirs he described his credo of those times: "Our relationship to the Soviets and theirs to us was based on a policy that (...) was known as mutually guaranteed destruction (...) it was madness." Simultaneously, for the first time the two other authoritative political powers, Europe and the Soviet Union also began to take a greater interest in the true détente on the East-West tensions. Thus Reagan's media guided appeal at the 750 year celebrations of the city of Berlin: "Mr. Gorbatschev, tear down this Wall!" did not go unnoticed at the Kremlin during the time of Glasnost and Perestroika.

BERLIN – "A CITY THAT IS CONSTANTLY EVOLVING AND NEVER STANDS STILL"

When George Herbert Walker Bush moved into the White House in early 1989, the German question which in the US, ever since had been the "German problem" had been passed on to him. While he demanded the "Fall of the Wall" in May,

resistance against the manipulated communal elections grew larger in the GDR and, in Hungary and Czechoslovakia, the "Iron Curtain" was raised. During the "Monday-demonstrations" thousands of East Germans claimed their basic rights and on November 4, 1989, there could be no doubt that the dynamics of a revolution were well underway: one million citizens gathered to protest at East Berlin's Alexanderplatz. Five days later, it was the night of November 9, 1989, the Berlin Wall finally came down after 28 years and the then Mayor, Walter Momper said, "It turned Germans into the happiest people on Earth." The 2+4 talks between the four victorious powers and the two German states provided a prompt understanding on the terms of the Western architecture of a reunified Germany, its frontiers and the future status of Berlin. A few months after the onset of the monetary, economic and social union on July 1, 1990, the GDR joined the Federal Republic of Germany – after 45 years Germany and Berlin had been reunited.

American Honorary Citizens of Berlin:

General Lucius Dubignon Clay	1962
Shepard Stone	1983
John Jay McCloy	1985
Ronald Wilson Reagan	1992
George Herbert Walker Bush	1999

Since that time the relations between Germans and Americans have changed as both have become equal partners. The last bilateral topic that remained was the withdrawal of the troops. Even before the actual reunification occurred the



buildings at Checkpoint Charlie, always a place and a symbol of confrontation between East and West had been removed. Other US military bases were gradually handed over to the German government. When, in July 1994, US President William (Bill) Jefferson Clinton was in front of the Brandenburg Gate assuring the Germans that: "America stands by your side – now and forever," the last GIs were leaving Berlin with a last grand ceremonial act, as friends.

**"AND HE SENT FLIGHTS OF BIRD AGAINST THEM"
Koran, 105th Sure**

"I promise to offer resistance to every attack on freedom and to tyranny, wherever they might appear." On September 11, 2001, this pledge engraved on the "Liberty Bell" again became cruel reality. Its chiming, the candles in front of the US embassy, the funeral marches – Berlin gesture of helplessness considering the unbelievable terrorist attacks on New York, Washington and Pittsburgh. Thousands died, deeply shocked and feeble, the world became another place from one day to the next.

Those horrible pictures shall remain in our minds forever.

The people of Berlin stand by you.



In memory of September 11, 2001

Our hearts are with the victims and their families.
We feel solidary with all Americans in this dark hour.

We in Berlin will never forget what you have done for us.

You were there when we needed you.

And now we will be there for you when you need us.

Detlef W. Prinz, PrinzMedien Berlin
Klaus Groth, President and CEO of the Groth Group
Peter Daxmann, Chairman of the Board of Daxmann AG
Dr. Eric Schweitzer, Member of the Board of the ALBA AG
Theodor Balz, President and CEO of MedienKontor Berlin
Rafael Roth, President and CEO of KarlsruherStadion Karrie
Dr. Volker Hassener and Dr. Wilfried von Fritsch, Partners for Berlin
Dr. Thomas Gath, Chairman of the Board of Dr. Joachim Schmidt AG & Co
Dr. Joerg Franke and Holger Timm, Chairmen of the Board of Berliner Effektivgesellschaft AG

"New York Times" of September 23, 2001

THE DAY AFTER AND OUR TRANSATLANTIC PROJECT

EVERY DAY, 18 TIMES AS MANY US FLAGS AS USUAL

After the inferno. Fanatical suicide bombers turned what used to be the hated “cathedrals of capitalism” into “Ground Zero,” of which the “New York Times” wrote: “It looks like Berlin in 1945.”

Maybe the American will to survive is rooted deep in their history. The speed, at which the once placid British coastal colony had evolved to become and establish itself as one of the greatest nations of the world, within just a few generations, hadn't left any time for any theoretical-philosophical reflection. Pragmatic solutions had been required, today that still hasn't changed. Standing at the “Ground Zero of facts,” Rudolph Giuliani, the Mayor of New York, called out: “Back to normality, out of the depression!” It is in this patriotic self-confidence that the Americans rediscovered their self-built nation and their values. Keep going, one way or the other. Bankers and brokers turned the sidewalk into their offices: “We're having this meeting on the street, we have to work, we have to!” Among them also employees from the American computerized stock market, Nasdaq – after all, their offices at Liberty Plaza, right next door to the World Trade Center, had also been seriously damaged.



Power and helplessness: everyday life in ruins

AT THE BEST AGE: NASDAQ

The year 2001 should have been a different one for the world's first and most successful electronic stock market. After all there was a 30th anniversary to celebrate and some stock market history to look back on. On February 8, 1971, Nasdaq had begun to revolutionize the financial markets – using terminals instead of pink sheets. Until then the stock prices had been printed out on pink sheets for the brokers, now the market participants had 500 display terminals on which they could all see the stock prices simultaneously and react accordingly.

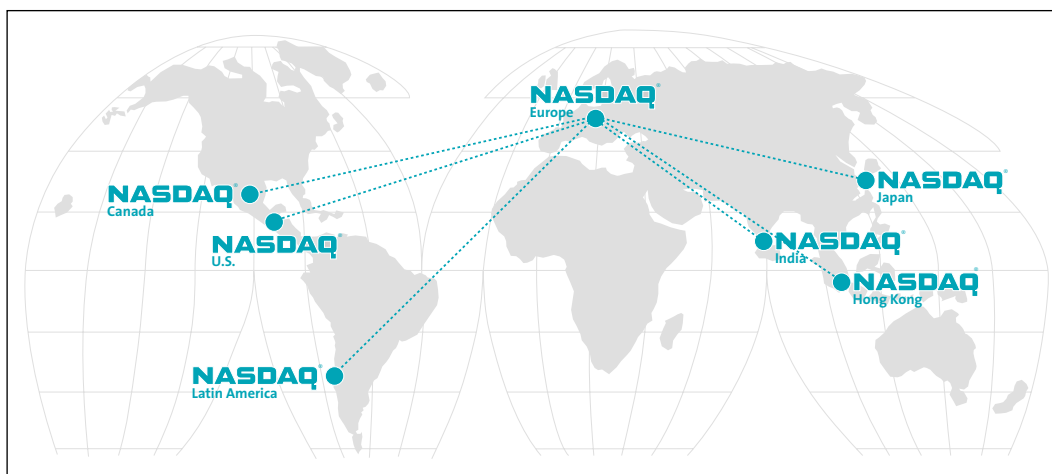
“When you come to the Nasdaq, you get the world,” that is how, Frank G. Zarb, the Chairman of Nasdaq Europe S.A., likes to summarize his vision of a global securities market which is accessible around the clock. A worldwide “market of markets” and a “network of networks,” that connects investors and listed companies all over the world. In the age of globalization, geographical and economic borders are losing importance at a faster and faster pace, both investors and companies are broadening their spheres of action.

Success is proving Zarb's strategy right. In August 2001, the trading volume and the over 4,100 listed companies made it the biggest securities market in the world. Most of the companies which have changed our lives during the past 25 years, are listed on the Nasdaq.

Besides the main offices in the United States, the foundations for the envisaged worldwide trading market, 24 hours a day, 365 days a year and in three time zones, have now been laid with offices in Japan, Canada and in the “Old World” – Nasdaq Europe S.A. If up until now the market places for young and innovative companies have traditionally been a regional event in their own countries, that will now change as Nasdaq Europe S.A. has taken up the cause of a pan-European growth stock market, therefore a solution for the whole of Europe. The introduction of the € and the fall of the “currency crumple zone,” pressure on transaction costs, technological progress, an evolving cross-border stock culture, an increasingly diversified and a more sophisticated base of investors – these are all factors, which are currently determining the changes in the capital markets. Nasdaq Europe S.A. has made a long-

term commitment to play an active role in the consolidation process of the European stock markets.

The Occidental branch of the American technologies stock market is looking for partners who share its global visions and have a record of success in domestic and international cross-border trading, online experience and an impeccable reputation. And this is something that can be achieved at the financial market place of the capital. “Berlin is more of a continent than a city,” was something that the German poet Jean Paul wrote in 18th century, and thus we find ourselves in the middle of another transatlantic axis: Berlin and the US in a stock market alliance.



Nasdaq – a global strategy

“RETAIL-STOCK EXCHANGE” PROJECT WAS GIVEN A NEW DIRECTION

At the beginning of November 2001, we announced our 1.25% stake in Nasdaq Europe S.A., conditio sine qua non for the alliance between Berliner Börse AG and the young pan-European growth stock market, which was publicized shortly afterwards. Good ideas alone are worthless, it depends on who has them. Thus the symbiosis is a logical one: in 2001, the Berliner Börse AG celebrated the ten year anniversary of its “Nasdaq story,” in 1991, they were the first German financial market place to trade the stocks of the US software giant

Konrad Zuse and the computers A Berliner and twelve developers in Boca Raton

Already at the inventive beginnings in his parents’ living room, Konrad Zuse developed the vision of free programmable calculating machines based on the binary system. It should take two detours to the Z1 and the Z2, before their successor, the Z3, in 1941, was released as the first functioning computer and American IBM got interested in the patents for Zuse’s inventions.

Change of scenery. Florida, 40 years later. The “dirty dozen,” as the team of the small department for input devices was called among IBM colleagues, assembled small affordable computers from the parts of different manufacturers for the “home use.” The triumphal procession of the small beige box from Boca Raton with the software architecture of a start up company called Microsoft Corp. was about to begin. Within 20 years the PC became 1200 times faster delivering 2000fold memory capacity compared to the beginnings. The mouse is not made out of wood anymore, in the meantime the electronic rodent received a plastic body. Today, 625 million PCs are at work around the globe, more than half a million at Nasdaq – the technologies stock market.

Microsoft Corp. In the meantime they fully represent the American Nasdaq. The largest exclusive market specialist is our 100.0% operative subsidiary Berliner Freiverkehr (Aktien) AG: our stockbrokers calculate the ongoing stock prices off the electronic orderbooks, in which all buy and sell orders for securities converge. Nasdaq Europe S.A. is aiming to expand European order flows in US stocks. Thus the transatlantic circle of shared interests closes.

A history 30, almost 40 years old...

1961

Congress puts the U.S. Securities and Exchange Commission (SEC) in charge of a study of securities markets. In 1963, the result is the recommendation for the automatization as a possible solution for the then fragmented OTC market. The National Association of Securities Dealers (NASD) is entrusted with its realization.

1971

On February 8, Nasdaq commences trade, delivering average quotes for 2,500 OTC titles. The acronym is programmatic, as it stands for “National Association of Securities Dealers Automated Quotation.”

1991

With the introduction of the Nasdaq International Service, companies and investors around the globe are able to participate in the transatlantic Nasdaq-Trade during European trading times.

1994

For the first time, Nasdaq trades more shares than the New York Stock Exchange.

1997

Nasdaq is the first stock market, where a billion shares are traded on a single day.

1999

Joint Venture Nasdaq Japan Inc.

2000

Joint Venture Nasdaq Canada®.

2001

March: Nasdaq Europe S.A. starts its operative business. June: Introduction of the European Trading System (ETS).

In the year of the 30th anniversary:

May: Memorandum of Understanding with the Berliner Börse AG.
November: Alliance with the Berliner Börse AG.

... a more than 300 year old history and a “Nasdaq story”

1685

Foundation of the Berlin Stock Exchange by Edict of Frederick Wilhelm, Elector of Brandenburg, the Great Elector.

1985

300th anniversary and a retrospective on a history full of changes.

1995

Extension of trading times.

1998

Minimum trading size now one stock for all market segments. Introduction of remote clearing.

1999

All Nasdaq titles traded in Berlin.

2000

The bearer of the Berlin Stock Exchange applies a new corporate structure – change from an association to a stock corporation.

2001

Opening of the orderbook. Cutting courtage by half.

May: Memorandum of Understanding with Nasdaq Europe S.A.
November: Alliance with Nasdaq Europe S.A.

Today six factors count when concluding stock transactions: immediacy, liquidity, accessibility, transparency, affordable transaction and settlement costs, anonymity. It sounds like a “magical hexagon,” however the start has been made: immediate execution at the best price possible, referred to computerized relevant reference markets is getting closer and closer for private investors thanks to our Triple Alliance. Market makers like Berliner Freiverkehr (Aktien) AG are competing in “multiple market making” for the best prices – however this quote driven trade model will require the connection to the central limit orderbook, i.e. order driven structure elements, to become the hybrid market model, that the future belongs to. A domestic change of paradigms, nothing less. A synonym of this, is the European Trading System (ETS) of Nasdaq Europe S.A., that offers executable market maker quotes and stock price transmission for executed orders, with similar functions to the American Nasdaq itself. First blood to Berlin: in the future, the capital’s stock exchange will also be using ETS, and thereby will combine quote and order driven components to a hybrid market model. In practice, **one** market has emerged from two legally independent market places. The bundling of liquidity is the main aim – the only effective strategy during a period marked by unsuccessful stock market mergers and split order volumes on many trading platforms. In the previous century, the former US President, Thomas Woodrow Wilson, already knew: “He who has no vision, shall never succeed in great deeds.” This could almost function as a title for the Memorandum of Understanding, that was even signed in May 2001 between the partners to the alliance. At that early stage, it already determined how, in the future, investors and issuers at the financial market place Berlin would be able to make use of the advantages provided by the trading platform and the market model of the American Nasdaq and its European branch. It didn’t take long to find similar aims and complementary strengths: on the one hand, Berlin offers Nasdaq Europe S.A. access to the key market Germany and on the other hand the pan-European growth stock market has a convincing market model, an international reputation and the strongest IPO brand in the world thanks to its American parent company.

It was back in 1986, when the then German President, Richard von Weizsäcker, said: “Europe will not move forwards taking giant leaps, but, step by step.” The first one away from a fragmented stock exchanges landscape has been taken in the course of an altogether positive trend towards globalization: as a fact, a strategy and as a mission.



Nasdaq – founded as a stock market for the 21st century

OUR COMPANY

“Nothing in the world is as powerful as an idea whose time has come.”

Victor Marie Hugo,
French poet and romancer

CORE BUSINESS

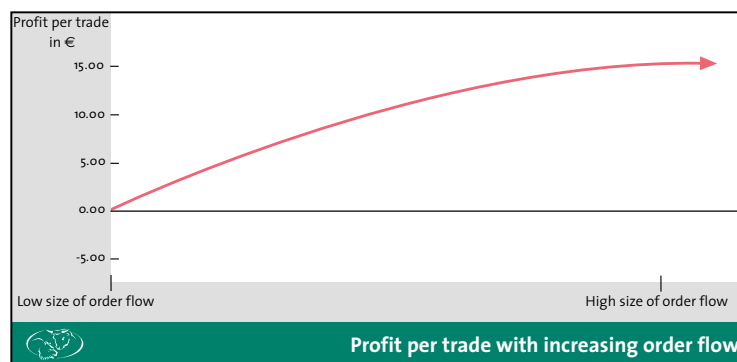
The globalization of the capital markets is the targeted and priority aim, the only way to ensure the realization of scale effects. We remain convinced that, after the now intact and inevitable process of consolidation will be completed, we shall continue to belong to the architects of the ever changing domestic and international stock exchanges landscape – the only thing that has changed, is the route that we have to take to get there. According to the teachings of the 15th century Florentine philosopher Niccolò Machiavelli, “He who wants to enjoy lasting success, must constantly change his course of action.” When announcing our stake in Nasdaq Europe S.A., Dr. Jörg Franke, Chairman of the Board, defined the outlines more clearly: “Being an exclusive market specialist is the present, market making is the future – a credo that we had already determined as a guiding principle of our business policy a couple of years ago.”

Ever since, we have been facing the challenges offered by the structural changes in the market, and we are conscious of the effects they have on our company. Even in the antique, Publius Syrus commented on the happenings: “When the sea is calm, anyone can hold the wheel.” Thus, we

business fields. As Holger Timm, Chairman of the Board, put it during our shareholders’ convocation on December 7, 2001: “The time has come to start doing good business again.”

As a market maker we depend on order flow – nothing else. Order flow has become a measurable factor of success, without its critical mass, profits are hard if not impossible to earn. The simple formula: the higher the order flow, the greater the profits per trade. With a sufficient order flow, up to 15.00 € are to be earned per trade. In stock years like 2001, on the road from the “milkmaid boom” to the “salami crash,” cooperations with competitors would have been considered an even less strategic option than any time else and could only have been filed under the heading “short-term, horizontal growth.” In fact, the vertical integration and the timely ties with Consors Discount-Broker AG were the only possible right decision when it came to securing order flow. One cannot make painful truths disappear by simply ignoring them. Thus, in 2001, the Consors order flow enabled us to be almost the only stockbrokerage company that was able to remain profitable in operative business and show relative strength compared to our direct competitors. The capital market environment was hard enough: “hangover,” most world stock markets in a downward spin and the number of transactions decreasing rapidly.

Up until now, exclusive market specialists like us, the largest in Germany, have used the order flow at the stock exchanges to deal with. The latest empirical studies have confirmed our long held expectations, that in the long run there will not



Profit per trade with increasing order flow

did well not to rest on our laurels when the going was good, but to initiate the development of new

be a sufficient number of orders for the stock exchanges and the exclusive market specialists. Solvent stocks mean that order flow is heading

more and more toward fully electronic systems. However the most important challenge for us remains another one: ECNs and internal trading systems based on the US model are our business model and that of the future. Yet another transatlantic chapter in the analogy of this Annual Report. Being a market participant at Nasdaq Europe S.A. implies the following: we are operating our own internal ECN TradeGate®, however at the same time maintaining the so-called best execution relationship – i.e. orders will be executed immediately on our own platform,

There, is one central transaction agency, while here in the “Occident” there are almost 30 – largely monopolistic as in most cases they belong to the national stock exchanges. Thus, market participants are forced to enlist as members of many different systems at high costs, which is simply ineffective. “Netting” is the magic word: orders are no longer settled separately but are grouped in order categories, of which each is balanced



at the best price possible, referred to computerized relevant reference markets, and are reported to the stock exchange. When making the scheduled amendments to the EU-securities services guideline, the European legislative will take into account the increasing importance of the ECNs and orientate itself toward trade reporting.

Well-planned vertical integration, with massive saving potentials at every level of the value chain – a critical mass of order flow provided. Experts expect that stock trading volumes will increase by 90.0% in 2005, compared to the previous year. In absolute figures: the probability that 4.5 trillion € will grow to 8.6 trillion € within four years is quite high. These same experts believe that, even within the next three years, internalization platforms like TradeGate® will be capable of trading 10.0% of today’s Continent’s stock exchanges volume from private investors, one third of the total trading volume in Germany. TradeGate® is already known as the first and only fully electronic German off-floor trading platform with an open orderbook, obligatory price fixing and immediate automatic execution without courtage or any other additional charges, five days a week from 8.00 a.m. to 10.00 p.m. – with simple implementing facilities for in-house bank and online broker systems.

Internalization also involves the following: lowering the settlement costs, to between 2.00 € and 4.00 € per trade. In Europe, the costs for cross-border stock trading are tenfold those in the US.

once a day as one business transaction.

The call for the “democratization” of stock trading which we have made for many years, with equal rights for all, without privileges on costs or information for institutional investors, is coming closer to its realization even at the last level of the value chain. Transatlantic common ground between Berlin and the US: an opinion also shared by Nasdaq.

MAJORITY SHAREHOLDER

At the time when the empirical figures on stock trading, internalization and settlement were published, the negotiations on the future development of the SchmidtBank GmbH & Co. KGaA and the acquisition of Consors Discount-Broker AG as our majority shareholder were underway. In spite of all the obstacles on the way there, from our point of view, the causal chain has been clear from the outset: our business model of the vertical integration will only be further optimized by any potential buyer: more customers, additional order flow, higher liquidity for the process of order internalization, increasing profit potential and massive reductions in settlement costs, that will be passed

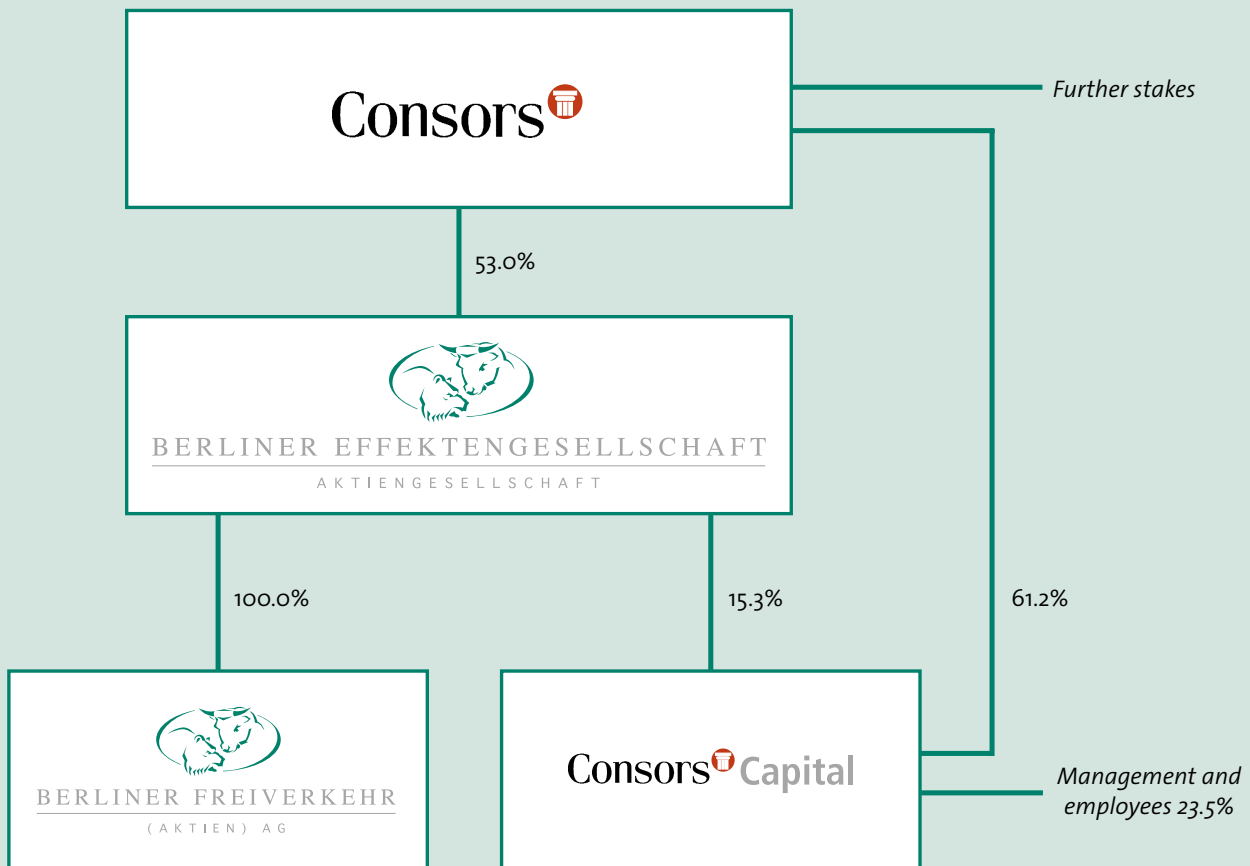
Internalization

Cost reductions in the process from generating orders up to their processing can be passed on to private investors as an advantage in charges, if at all steps of the value chain, as much order flow as possible is joined on proprietary internalization platforms like TradeGate®.

on to private investors as a price advantage.

During these months of negotiations, we have continued to further develop and realize all projects with Consors Discount-Broker AG, as planned. **The Berliner Effektengesellschaft AG is a core asset of Consors.**

ORGANIZATIONAL STRUCTURE



Strategic minority stakes:
 37.3% Ventegis Capital AG
 28.0% Online Securities Holding Inc.
 11.0% Ladenburg Thalmann Financial Services Inc.
 5.6% First Quote Inc.
 1.25% Nasdaq Europe S.A.

(as of December 31, 2001)

We already started the return to our core business field of market making during the business year of 2000. Our former holding structure lost its use to us. One never knows what happens when things change, but we knew what could have happened if we had stuck to the habitual. This was also Johann Wolfgang von Goethe's recommendation: "You have to permanently change, renew and rejuvenate in order not to become impenitent."

Since that time, our strategies have mainly focused on our 100.0% subsidiary Berliner Freiverkehr (Aktien) AG, securing and expanding its operative business.

A concept supported by Consors Discount-Broker AG and its new majority shareholder, beyond all doubt.



SHAREHOLDERS' STRUCTURE



BERLINER EFFEKTEGESELLSCHAFT
AKTIENGESELLSCHAFT

Berliner Effektengesellschaft AG
Veröffentlichung gemäß § 25 Abs. 1 WpHG

Uns wurde angezeigt, daß zum 1. April 2002 folgende Stimmrechtsanteile an unserer Gesellschaft bestanden:

SchmidtBank GmbH & Co. KGaA, Hof/Saale: 53,0%.
Davon seien ihr 53,0% der Stimmrechte nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

SchmidtBank Beteiligungs Holding GmbH, Hof/Saale: 53,0%.
Davon seien ihr 53,0% der Stimmrechte nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Consors Discount-Broker AG, Hof/Saale: 53,0%.
Davon seien ihr 53,0% der Stimmrechte nach § 22 Abs. 1 Satz 1 Nr. 1 WpHG zuzurechnen.

Consors International Holding GmbH, Hof/Saale: 53,0%.
Holger Timm, Berlin: 25,0%.
Davon seien ihm 1,68% der Stimmrechte nach § 22 Abs. 1 Nr. 4 WpHG zuzurechnen.

Berlin, im April 2002

Der Vorstand

BERLINER EFFEKTEGESELLSCHAFT AG

Publication in accordance with Section 25 Subsection 1 Wertpapierhandelsgesetz (WpHG) – Securities Trading Law

We have been informed the following voting stock exists in our company as of April 1, 2002:

SchmidtBank GmbH & Co. KGaA, Hof/Saale: 53,0%, to which 53,0% of the voting rights are attributed in accordance with Section 22 Subsection 1 Clause 1 Number 1 WpHG.

SchmidtBank Beteiligungs Holding GmbH, Hof/Saale: 53,0%, to which 53,0% of the voting rights are attributed in accordance with Section 22 Subsection 1 Clause 1 Number 1 WpHG.

Consors Discount-Broker AG, Hof/Saale: 53,0%, to which 53,0% of the voting rights are attributed in accordance with Section 22 Subsection 1 Clause 1 Number 1 WpHG.

Consors International Holding GmbH, Hof/Saale: 53,0%.

Holger Timm, Berlin: 25,0%, to which 1,68% of the voting rights are attributed in accordance with Section 22 Subsection 1 Number 4 WpHG.

Berlin, April 2002

The Board

"Handelsblatt" of April 17, 2002

The free float accounts for 22.0% of our stock capital or 3,695,344 individual stocks. On December 31, 2001, we held 746,505 own stocks in the portfolio (= 20.2% of the free float as of April 1, 2002).

(as of April 1, 2002)

OUR INVESTMENT PORTFOLIO

(as of December 31, 2001)

Ventegis Capital AG

In April 2001, the Boards of our then 40.0% subsidiary, Berliner Effektenbeteiligungsgesellschaft AG, and Cybermind AG signed the contract on the merger of the two companies forming the Ventegis Capital AG. Both shareholders' meetings agreed, the next step after the adjustment of the investment portfolio was an increase in capital for a cash deposit with a subscription right for the then present shareholders. We have taken over these approximately 2.5 million € and now hold a 37.3% stake in the only venture capital unit within the Consors Group. Particularly in the current awkward state of the venture capital market, new investments with above average value development prospects at affordable prices should be examined.

On August 16, 2001, the Ventegis Capital AG was registered at the commercial register in Berlin-Charlottenburg. Since September 17, 2001, it is listed on the OTC segments of the Berlin, Dusseldorf, Frankfurt/Main, Hamburg and Munich Stock Exchanges, under the securities identification number 546920.



Ladenburg Thalmann Financial Services Inc.

In the scope of due diligence, we have received an additional approximately million of stocks of the "new" Ladenburg Thalmann Financial Services Inc., formed by the merger with Ladenburg Thalmann & Co. Inc. The conditions of the convertible promissory note have been changed in our favor.

Online Securities Holding Inc.

Our investments in the service provider with its order routing product for institutional clients was adjusted in value last year by half – currently the company is not generating any income. As its largest client, Berliner Freiverkehr (Aktien) AG routes the majority of its trades in American stocks through Online Securities Holding Inc.

First Quote Inc.

The business model of the provider of financial content and settlement software failed – in the last business year, we wrote off our 5.6% stake completely.

Nasdaq Europe S.A.

Consors Capital Bank AG

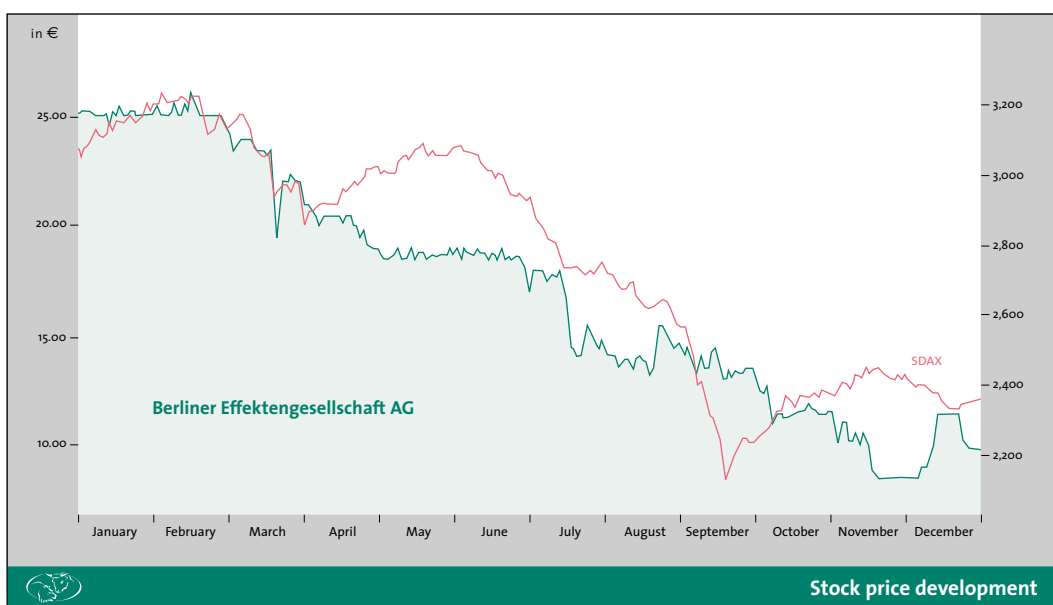
Following two capital increases, we did not participate in, the participatory ratio was reduced from 21.3% to 15.3%.

PRICE DEVELOPMENT OF OUR STOCK

SECURITIES IDENTIFICATION NUMBER 522130, OFFICIALLY LISTED IN BERLIN AND FRANKFURT/MAIN

BERLINER EFFEKTENGESELLSCHAFT AG vs. SDAX

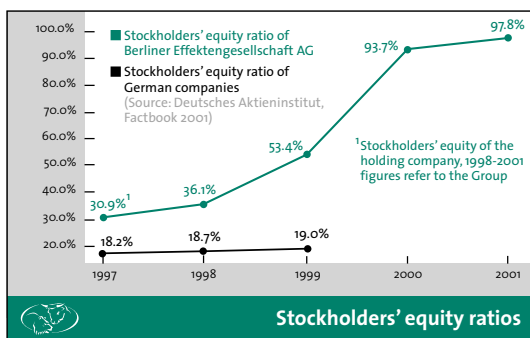
From January 1, 2001, to December 31, 2001



During the past year, the development of our stock didn't exactly give us much to be happy about. Most stock exchanges experienced a sequel to their bear markets, especially the American Nasdaq and the domestic Neuer Markt. If the year 2000 was the one that shattered the dreams of the "New Economy," then the year 2001 would have to be described as the one of lost hopes for "a change." Two consecutive weak years – a malaise from which the shares of the stockbrokers could naturally not be separated. The uncertainty surrounding the further developments of the SchmidtBank Group was an additional burden to a possible recovery of our stocks.



Whereas the SDAX in 2001, made approximately 20.0% in losses, our stocks dropped by 62.0%. The fact that the participation certificates of our competitors suffered even greater losses could be but a cold comfort. However this relative strength of our stocks reflects the strategic advantage we possess over our competitors and the trust in our future perspectives. Add to this our operative power and the high stockholders' equity provisions – in a domestic comparison as well as to the peer group in our sector.



Keeping this in mind we consider our stock as reasonably valued. But: broker stocks are not “in,” even more – most analysts have withdrawn their coverage of our sector. The supposedly simple formula “The end of the trading floor is the end of the brokers” should be filed under “wrong topic.”

The necessary consolidation process of the financial services provider scenery is in full swing. Delimitative future strategies are required, we have set our markers. Our business model is not a blueprint for others, probably our competitors are not capable of copying it.

A slightly differentiated perception makes investor relations work difficult, even if we have set new standards of transparency with our already traditional shareholders' convocation. As during the past years and especially during these times, we continue to make use of the membership network of the Deutscher Investor Relations Kreis (DIRK) – (German Investor Relations Association), last year we initiated the foundation of its Berlin section.



Corporate timetable for the remaining business year

June 28, 2002

10.00 a.m.
Shareholders' meeting in Berlin.

August 2, 2002

Report on the first half year 2002.

November 1, 2002

Report on the third quarter 2002.

December 6, 2002

5.00 p.m.
Shareholders' convocation in Berlin.

REPORT OF THE BOARD

For most investors and companies on the global financial markets, the year 2001 will certainly be remembered as a bad one for quite some time. The same is valid for the Board, the employees and the shareholders of the Berliner Effekten-gesellschaft AG: The past financial year brought us a number of unpleasant, painful and unexpected surprises.

This of course applies particularly to the terrorist attacks on September 11, 2001, which in many aspects, directly affected us and still do. During the course of the past few years we have been involved in numerous business activities and, beyond that, we have made many personal acquaintances and friendships, especially in New York, and not only we were quite understandably concerned about the well-being of our friends and their families – but also about our six Berliner Effektengesellschaft AG executives, who planned a meeting on the following day with our future cooperation partner, Nasdaq, in the direct vicinity of the World Trade Center.

On this September 11, 2001, and during the ensuing days and weeks, the Board and the employees of the Berliner Effektengesellschaft AG, decided to at least refrain from trading in US stocks – irrespective of the at times different decisions taken by the German stock exchanges. Even during these times of hard competition, one should be allowed to at least maintain a minimum level of decency and humanity. We did not make any profit or gain from the misfortune of others. We expressed our distress and sincere sympathies, together with other Berlin companies, in a full-page advertisement in the “New York Times,” which can be found on page 21 of this Annual Report. We would like to again especially thank our American friends at Nasdaq, who brought our negotiations for a cooperation to a swift conclusion using telephone and video conferences, in spite of the numerous problems they were encountering – finally on November 14, 2001, we were able to announce the fundamen-

tals of our planned partnership in two simultaneous press conferences in Berlin and London.

During the past year the development of the operative business was not exactly encouraging. The partly dramatic downturn was to a certain extent not surprising and the first signs had already become apparent in the second half of the year 2000. Therefore we should take the time to look back in last year’s Annual Report and on the Report of the Board. There you can see that our company had been far from unprepared when the dullness hit the international financial markets and that taking into account the given circumstances, the Berliner Effektengesellschaft AG was still able to strike a positive balance – but that requires a closer look at the by all means complex structure of our Group balance sheet:

The first and most decisive factor here is the performance of our 100.0% operative subsidiary, Berliner Freiverkehr (Aktien) AG, which after having undergone the various reorganization measures in the Group, now handles our entire operative business. All other – meanwhile minority – stakes are purely of a strategic nature and are largely there to support our operative business and to ensure or rather to promote its prospects in the long term.

The operative figures of Berliner Freiverkehr (Aktien) AG mainly arise from the order flow, that the company is able to execute in various ways. In this respect the absolute figures of the executed transactions in securities, which is to a large extent independent from their overall volumes in €, provide quite an accurate picture of the company’s trend of business. At the same time they show a reflection of the development of the overall market, as the Berliner Effektengesellschaft AG still maintains its position as the leading financial services provider at the German stock exchanges.

YEARBOOK 2001

JANUARY 2001

Changeover of power:
George Walker Bush is sworn on the 43rd
President of the US.

Berliner Effektengesellschaft AG

Announcement: Dr. Jörg Franke is appointed
second Chairman of the Board and forms a
"double-lead" together with Holger Timm.

FEBRUARY 2001

Decoded:
Simultaneously US scientist Craig Venter and
the International Human Genome Project
announce that 95.0% of the human genes
have been deciphered: the human "blueprint"
consists of only 26,000 to 40,000 genes.

Berliner Effektengesellschaft AG

Publication of the preliminary figures for the
year 2000: outstanding Group result – income
after tax of the Group rises by 200.0% to
approximately 50.1 million €.

MARCH 2001

Strategic:
Nasdaq announces the acquisition of the
majority in Easdaq; as a part of the planned
global stock trading platform the pan-Euro-
pean growth stock market will be called
Nasdaq Europe S.A.

Berliner Effektengesellschaft AG

Income before tax including proportional
goodwill-write-offs at 1.5 million € in the first
quarter – almost all relevant competitors are
in the red.

APRIL 2001

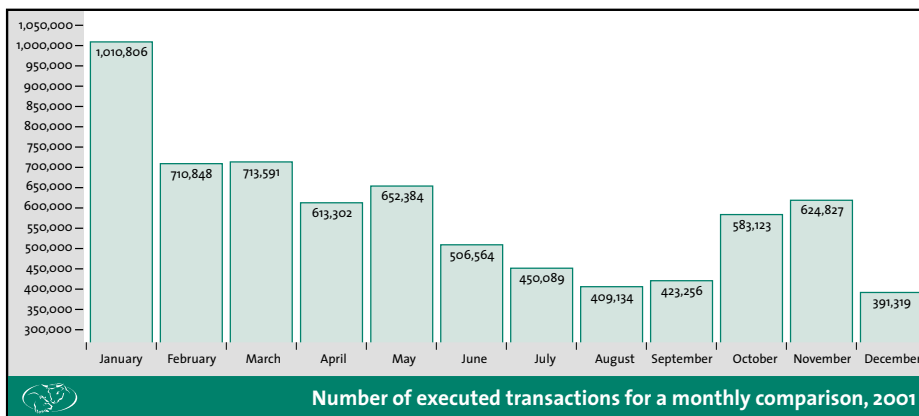
Reformer:
Junichiro Koizumi is elected new Prime
Minister of Japan and is considered a
promising leader of the "land of the rising
sun" with its economic crisis, that had been
smouldering for more than ten years.

Berliner Effektengesellschaft AG

The Boards of Berliner Effektenbeteiligungs-
gesellschaft AG and Cybermind AG sign the
contract for the merger of the two companies,
on the provision of the agreement of both
shareholders' meetings: the Ventegis Capital
AG is formed.

Please refer to the following chart
for a monthly comparison of how
the overall figure of all the
transactions that have been

in our own systems with the most varied
components for order execution and
processing.



executed by Berliner Freiverkehr
(Aktien) AG, has developed. From
January to December 2001, we
recorded a decrease of approxi-
mately 60.0 %.

During the past year, the overall
number of transactions was
distributed among the various
stock exchanges at which Berliner
Freiverkehr (Aktien) AG is authori-
zied to, which to a large extent
resulted in, only commissions
being generated and, us falling
short of the critical mass which
would be required in our own
transactions to ensure profitable
order executions. Accordingly the
commission income at Berliner
Freiverkehr (Aktien) AG in 2001,
fell from 24.7 million € by 62.5%
to 9.2 million €, however the
result from financial trans-
actions fell disproportionately low
from 52.5 million € by 90.6% to
4.9 million €. If today we would
already be able to execute all our
transactions in securities using
our own internalization platform,
then we would have been able to
announce record-breaking results,
even in spite of the dramatic
decline in orders. This should again
serve to make it perfectly clear,
why we are so insistently investing

The Berliner Freiverkehr (Aktien) AG had
always coupled large amounts of
administrative expenses to the income
situation of the company – thus it fell by 30.8%
to 12.1 million € without us having to reduce
the number of employees or, implement any
other restrictions on our business activities
or cost reduction programs. In fact the
opposite is the case: the Board had been early
to prepare for a decline in turnover and made
use of the weaknesses in the sector to
improve the position of Berliner Freiverkehr
(Aktien) AG by using our own cash flow and
by the timely executions of investments,
which had become necessary due to the rapid
structural changes in the global financial
markets.

Overall Berliner Freiverkehr (Aktien) AG has
succeeded in achieving an operative pre-tax
result amounting to 2.9 million €.

Nonetheless we did make use of the last
opportunity to make fully tax relevant write-
offs on the stocks in Consors held by Berliner
Freiverkehr (Aktien) AG, at the rate of 16.4
million €. This amount could be taken in the
balance sheet of Berliner Freiverkehr (Aktien)
AG from reserves for stocks in a controlling
company, so that after tax the retained
earnings is 2.6 million €.

Thus Berliner Freiverkehr (Aktien) AG has
shown impressive relative strength compared
to its competitors in the financial services

provider sector and in addition also has an imposing tax relevant loss carry-forward.

The understandably wise write-offs made by Berliner Freiverkehr (Aktien) AG as well the other tax relevant write-offs, particularly those on own stocks, for Berliner Effektingesellschaft AG lead to a result of - 14.4 million € in the individual financial statements and even - 58.1 million € in the consolidated financial statements. How can this unusually high negative Group result be explained? The individual financial statements of the Berliner Effektingesellschaft AG for the year 2000 showed an income of 18.5 million €, however in the consolidated financial statements it was 50.1 million €. This "coming apart" of the individual and Group financial statements is due to the tax effective incorporation of the Consors stocks held by Berliner Freiverkehr (Aktien) AG, whereby at that time they had had to be eliminated from the Group consolidation again, as the stocks had not left the scope of the Group. By the – renewed – value adjustment of these stocks in Berliner Freiverkehr (Aktien) AG 2001, the losses shown in the individual financial statements last year, now "catch up" on the write-offs which occur in the Group balance sheet.

The fact remains that the Berliner Effektingesellschaft AG is more than healthy and in the position to overcome many more, possibly even worse, crisis years unscathed. The Group possesses stockholders' equity amounting to 118.7 million € at a stockholders' equity ratio of 97.8%. These are impressive figures, particularly when it is made clear that of this amount only 28.0 million € have been invested as liable equity capital in our operative subsidiary Berliner Freiverkehr (Aktien) AG. It would suffice to execute our current business volume more than once, without even having to come anywhere near the critical dimensions of liable equity capital that would raise the eyebrows of the supervisory authorities. As we continue to remain operatively profitable, words like negative cash flow, burn rate or indebtedness, which have recently unfortunately been ever too present, are foreign words for our company.

The Berliner Effektingesellschaft AG has

succeeded in not only regularly making high distributions to its shareholders in the good years, but also in duly securing a safe stockholders' equity capital buffer for the hard times. This fact will prove to be an invaluable competitive advantage in the event of the crisis in the financial markets continuing to last over a longer period. During the better years our visions and business models were naturally copied by many, who wanted to secure themselves a piece of the overall market. This is the normal cycle and can be observed in every sector. However as in all economic areas, it will become clear, in a relatively short period of time, that only the large market leaders, will be able to establish themselves in the long run, if they have a critical mass at their disposal and if they permanently find the right position at the right time.

We would therefore like to apologize for any inconvenience and for the fact that this year we have chosen a balance sheet structure that does not permit the distribution of any dividends. We are convinced that all shareholders will understand and greet our careful strategy which is aimed towards security. By no means do we intend to corrode the company's capital. Surplus liquidity, which can currently not be sensibly invested or kept in the company as reserves, has been made indirectly available to the shareholders for the repurchase of own stocks. Thus our "true" free float has been considerably melted down, again, and will enable a rapid rise in our stock price in the event of an upswing in operative business. We have always effected the repurchase of own stocks, when we were of the opinion that we would be able to get them at conditions which would be favorable to the

MAY 2001

Riester-Promotion:

The pension reform act is passed by the Bundestag (Lower House). As of 2002 employees will receive allowances and tax benefits as an incentive for an additional private pension scheme.

Berliner Effektingesellschaft AG

Participation in the negotiations for the signing of a Memorandum of Understanding between Berliner Börse AG and Nasdaq Europe S.A.

TradeGate® now all-day: the first and only fully electronic German off-floor trading platform with an open orderbook and immediate automatic execution without courtage or any other additional charges.

JUNE 2001

Lift-off:

Nasdaq Europe S.A. presents its European Trading System (ETS).

Berliner Effektingesellschaft AG

After the basic agreement in May, the constituting meeting for setting up the common project is held between the representatives of Nasdaq Europe S.A., Berliner Börse AG and Berliner Effektingesellschaft AG.

JULY 2001

Peak-attack:

200,000 demonstrators against globalization protest against the G8 meeting in Genoa.

Berliner Effektingesellschaft AG

Shareholders' meeting on July 3, in Berlin, with passing a resolution for a dividend of 0.60 €.

AUGUST 2001

End of an era:

German industry loses another great name – after 115 years, the last shareholders' meeting concludes the history of traditional Mannesmann AG. The victor of the battle of acquisition, that had lasted for months is Vodafone Group Plc.

Berliner Effektengesellschaft AG

Announcement of the half year figures: despite significantly reduced trading volumes within difficult market surroundings, Berliner Effektengesellschaft AG remains profitable with a net income after tax of approximately one million €, apportioned to the Group.

SEPTEMBER 2001

Apocalypse:

9-11 changes the world. Two passenger jets hijacked by Islamic terrorists hit the Twin Towers of New York's World Trade Center, a third crashes into Washington's Pentagon and a fourth over the Pittsburgh area. The tragic toll: 2,843 dead.

Berliner Effektengesellschaft AG

In the third quarter, Berliner Freiverkehr (Aktien) AG remains in the black with its core business, at approximately 2.9 million €.

company. That means that we reject repurchase simply as a means of stock price nursing and that our current stock price, at any time, reflects the current state of the market. In this respect it is also not the task of the Board to complain about the stock price of the company or to be concerned about undervaluation or overvaluation. The stock price simply shows the current assessment of the investors, and taking into account the numerous insolvencies and what remains in our opinion the threat of possibly long recession, the current stock price should thus be accepted as a fair evaluation. Only when we have proven that the Berliner Effektengesellschaft AG will emerge from the crisis as the winner, the remarkable future prospects of our company will again be reflected in a rapid rise in our stock price.

The most important task of a Board remains, to be able to quickly detect market changes, to make use of one's opportunities and to invest the money of the shareholders sensibly. This is something which we have once again, especially in hard times, succeeded in doing. The Berliner Effektengesellschaft AG has especially set the focus of its investments in the software area and today has a large number of in-house developments at its disposal, which clearly differentiates us from our competitors and gives us the necessary independence, but also flexibility, to be able to react swiftly in the event of structural changes. In practice this means that we have our own transaction platform with an internalization of order flows and the option to realize so-called "netting" when dealing in securities. On this platform we can off-the-floor become active and

will be able to quickly fulfil the probable requirements of the next Finanzmarktförderungsgesetz (4th Financial Promotion Act). However this platform is also relatively easily compatible with stock exchange systems that permit the internalization of stock exchange transactions. Our planned cooperation with Nasdaq Europe S.A. should be seen in this light, however an integration in other stock exchange systems such as Xetra Best cannot be excluded, providing they are capable of offering us an attractive business model which would suit us as a market maker. From this point of view it is also quite understandable that, ever since the founding of the Berliner Effektengesellschaft AG, we have never viewed ourselves merely as a market participant who reacts to the developments in the market with a delay, but as a company that actively participates in shaping the market in the best interests of the investors, our customers and of course our shareholders. Many developments that are only very slowly becoming public today and attaining the focus of attention, had already been forecast by our company many years ago and integrated in our long-term planning. Those shareholders, who attended all our shareholders' meetings could easily confirm this. Of course we must concede that some of the structural changes are taking far longer than we had expected. In this respect particularly the programming and development times of systems and application software, are often a trial of the Board's patience. With all the natural tension, we shall continue to persistently pursue our aims on the path that we have struck – in the sound knowledge that in the hopefully not to distant future the order flows shall return. The Berliner Effektengesellschaft AG possesses the necessary personnel and technical infrastructure to be able to handle very large business volumes.

Our most important strategic asset here remains generating sufficient order flow for internalization. In this respect the vertical integration of Consors Discount-Broker AG as one of the leading online brokers in Europe was a milestone for the Berliner Effektengesellschaft AG. The impending changes in the ownership structure at Consors will not be able to change anything there. Our

business model has convinced the potential buyers, after all it not only bears immense profit potential for the Berliner Effektengesellschaft AG, but also significant cost advantages for our order flow providers.

In this respect a reduction of Consors stocks in the Berliner Effektengesellschaft AG in favor of additional potential strategic order flow providers could be a possible advantageous option for all those involved. Thus the management of the Berliner Effektengesellschaft AG, as well as that of Consors Discount-Broker AG are in every respect very much open-minded about conducting negotiations with additional cooperation partners.

For our shareholders, the following applies: the Berliner Effektengesellschaft AG shall continue to remain an investment with very good future prospects and with a high return potential at a comparatively calculable risk. We hope that you remain loyal to the company and that we will be able to gain new shareholders for us. At this point we would like to especially thank our long-standing employees, who with their know-how and commitment are the most important asset of the company and who are currently sharing the fate of the shareholders without dividends, as the profit orientated share of bonus programs of the Berliner Effektengesellschaft AG means that, through no fault of their own or lesser work input, they are having to accept considerable pay cuts. However the entire team at the Berliner Effektengesellschaft AG shares in the long-term optimism of the management and will be able to profit from the upswing together with shareholders in the form of an employee option scheme.

Berliner Effektengesellschaft AG

Holger Timm

Dr. Jörg Franke

OCTOBER 2001

Victory:

In the fight for the acquisition of Liffe London Futures Market, the three-nation stock exchange Euronext prevails over the London Stock Exchange and Deutsche Börse AG.

Berliner Effektengesellschaft AG

After a significant decline, trade turnover of the Berliner Freiverkehr (Aktien) AG increases slightly for the first time.

NOVEMBER 2001

Tragedy:

New York doesn't come to rest. An American Airlines Airbus crashes over Queens with 260 passengers on board. No one survives.

Berliner Effektengesellschaft AG

The "Triple Alliance" becomes known to the public: announcement of the 1.25% stake in Nasdaq Europe S.A., shortly afterwards Berliner Börse AG's alliance with the pan-European growth stock market is publicized: a successful transatlantic symbiosis.

DECEMBER 2001

Premiere:

January 1, 2002, is coming closer, banks sell starter kits with the new €-coins.

Berliner Effektengesellschaft AG

Third shareholders' convocation in Berlin.

ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

as of December 31, 2001

ASSETS	in € 2001	in € 2001	in € 2001	in € 2000
A. Fixed assets				
I. Tangible assets			77,687.00	88,754.00
II. Financial assets				
1. Stocks in affiliated companies		65,447,350.41		50,024,261.49
2. Participatory investments		13,275,179.91		12,803,797.59
3. Loans to companies with which there is a participatory relationship		4,241,302.03	82,963,832.35	261,650.81
			<u>83,041,519.35</u>	<u>63,178,463.89</u>
B. Current assets				
I. Receivables and other current assets				
1. Trade accounts payable		7,029.15		-
2. Receivables from affiliated companies		123,836.46		30,358,786.94
3. Other current assets		<u>26,017,132.74</u>	26,147,998.35	28,215,021.31
II. Securities				
1. Own stocks		6,935,215.10		3,765,759.56
2. Other securities		<u>-</u>	6,935,215.10	-
III. Cash on hand, bank balances			24,650,672.34	35,836,460.31
			<u>57,733,885.79</u>	<u>98,176,028.12</u>
C. Prepaid and deferred expenses			3,932.85	2,171.55
Total assets			140,779,337.99	161,356,663.56

EQUITY AND LIABILITIES	in € 2001	in € 2001	in € 2001	in € 2000
A. Stockholders' equity				
I. Stock capital		16,797,016.00		16,796,985.00
II. Capital reserve		119,886,061.68		119,884,976.68
III. Revenue reserves				
1. Statutory reserve	25,564.59			25,564.59
2. Reserve for own stocks	11,776,182.55			8,606,727.01
3. Other revenue reserves	1,686,454.34	13,488,201.48		1,686,454.34
IV. Retained earnings		- 17,252,298.34	132,918,980.82	10,078,191.00
B. Provisions and accruals				
I. Tax accruals		-		1,142,592.66
II. Other provisions and accruals		476,600.00	476,600.00	201,364.59
C. Liabilities				
I. Liabilities to banks		-		100.00
II. Trade accounts payable		667.02		11,632.74
III. Amounts due to affiliated companies		7,276,096.56		2,905,996.95
IV. Other liabilities		106,993.59	7,383,757.17	16,078.00
<i>of which for taxes</i>	97,981.31			9,421.74
<i>of which for social security contributions</i>	9,012.28			6,656.26
Total equity and liabilities			140,779,337.99	161,356,663.56

INCOME STATEMENT

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

from January 1, 2001, to December 31, 2001

	in € 1-1 – 12-31-2001	in € 1-1 – 12-31-2001	in € 1-1 – 12-31-2000
1. Other operating profits		408,959.46	7,288,487.24
2. Personnel expenses			
a) Wages and salaries	- 1,374,353.37		- 638,643.80
b) social security payments and expenses for pensions	- 82,099.75	- 1,456,453.12	- 65,854.10
3. Write-offs		- 24,285.74	- 16,479.97
4. Other operating expenses		- 2,636,681.89	- 32,452,812.87
5. Profits from participatory investments		-	57,483,543.90
<i>of which from affiliated companies</i>		-	57,483,543.90
6. Other interest and similar profits		1,369,910.42	800,802.10
<i>of which from affiliated companies</i>		1,251,319.67	694,522.29
7. Write-offs on financial assets and securities under current assets		- 13,254,580.89	- 209,811.02
8. Interest and similar expenses		- 14.30	- 39,440.80
<i>of which from affiliated companies</i>		-	- 39,440.80
9. Result from ordinary activities		- 15,593,146.06	32,149,790.68

	in € 1-1 – 12-31-2001	in € 1-1 – 12-31-2001	in € 1-1 – 12-31-2000
10. Extraordinary profits	-		-
11. Extraordinary expenses	-		-
12. Extraordinary result		-	-
13. Income and profit taxes		1,284,869.37	- 13,687,765.73
14. Other taxes		- 58,421.00	- 59.78
15. Net income		- 14,366,697.69	18,461,965.17
16. Profit brought forward from prior year		283,854.89	44,060.64
17. Withdrawals from the revenue reserves			
a) from other revenue reserves		-	-
18. Appropriation to the revenue reserves			
a) to the statutory reserve		-	-
b) to the reserve for own stocks		- 3,169,455.54	- 8,078,042.73
c) to other revenue reserves		-	- 349,792.08
19. Retained earnings		- 17,252,298.34	10,078,191.00

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2001

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

A. GENERAL INFORMATION ON THE CLASSIFICATION OF THE ANNUAL FINANCIAL STATEMENTS AND ON ACCOUNTING AND VALUATION METHODS

Preparation of the annual financial statements

The annual financial statements of the Berliner Effektengesellschaft AG for the year ended December 31, 2001, were prepared in accordance with the provisions of the Handelsgesetzbuch (HGB) – (German Commercial Code). The provisions of the Aktiengesetz (AktG) – (Stock Corporation Act) were observed.

The balance sheet was prepared according to the provisions laid down in Section 264 HGB and classified according to Section 266 Subsections 2 and 3 HGB.

The income statement was prepared according to the costs of production (total output) method in accordance with Section 275 Subsection 2 HGB.

The annual financial statements were prepared in €.

The Berliner Effektengesellschaft AG Group is included in the consolidated financial statements of Consors Discount-Broker AG, Hof/Saale, which are prepared in accordance with US-GAAP, and of SchmidtBank GmbH & Co. KGaA, Hof/Saale (the ultimate Group company), which are prepared in accordance with the provisions of the HGB, in conjunction with the Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV) – (Bank Accounting Directive), each set of financial statements being published in the Bundesanzeiger (Federal Gazette) and deposited at the Local Court of Hof/Saale.

Accounting and valuation principles

The annual financial statements contain all assets, debts, expenses and profits. Items on the assets side have not been offset against items on the equity and liabilities side, and expenses have not been offset against profits.

The financial assets, “stocks in affiliated companies,” “participatory investments,” and “loans to companies with which there is a participatory relationship” are recorded at acquisition costs, considerably diminished by write-offs to the lower applicable value.

We have valued tangible assets at acquisition or production costs and, when depreciable, less normal fiscally permitted write-offs using the straight-line method. Low-value assets are written off in full in the year of acquisition and retired.

“Receivables and other current assets” as well as “bank balances” are stated at their acquisition costs or their nominal value. Securities under current assets are stated observing strictly the principle of lower of cost or market, for each type of security, at the continuously determined average values or lower values on the balance sheet date.

Liabilities are stated at their repayment amount.

Recognizable risks are accounted for with provisions and accruals.

Proportional interest determined at the balance sheet date is shown under the underlying receivables or liabilities.

Translation of foreign currency

The items of fixed assets denominated in foreign currency were translated at the acquisition rates and considerably diminished by write-offs to the lower applicable value. There were no other assets or debts in foreign currency at the balance sheet date. Expenses and profits denominated in foreign currency were translated at the rate on the day.

B. EXPLANATIONS TO THE BALANCE SHEET AND CAPITAL

Classification of remaining terms

All receivables and liabilities have a remaining term of less than one year.

Development of fixed assets

For the development of the fixed assets at historical acquisition rates and the accumulated write-offs, reference is made to the separate fixed assets schedule.

The total financial assets in foreign currency translate at 8,453,000 €.

Other current assets

“Other current assets” comprise items which cannot be subsumed under other balance sheet items on the assets side. They relate merely to

receivables from the tax authority.

Stock capital

On December 31, 2001, the stock capital was 16,796,985.00 €. The bonus warrants issued in 1999 provided entitlement in July 2001 to a subscription of stocks in Berliner Effektengesellschaft AG for the last time. Of the maximum of 654,000 individual stocks, 31 were subscribed. On December 31, 2001, the stock capital therefore was 16,797,016.00 €, divided into 16,797,016 non-par individual stocks.

During the past financial year, we did not receive any reports prescribed by Section 21 Subsection 1 of the Wertpapierhandelsgesetz (WpHG) – (Securities Trading Law).

Approved capital

No capital increases were performed from the existing tranches of approved capital. The Board was authorized by the shareholders' meeting of July 3, 2001, to increase the stock capital until July 2, 2006, with the consent of the Supervisory Board, by issue of new individual stocks against cash or non-cash contribution once or more than once by a total of up to 8,398,492.50 €. The previous authorization was thereby terminated.

Contingent capital

The shareholders' meeting of June 15, 1999, had resolved to contingently increase the stock capital by 600,000 € for an employee option scheme (contingent capital I) and by 5,940,000 € for the issue of stock option warrants without bonds (contingent capital II). On the basis of the contingent capital increase 13,080,000 warrants were issued. In July 2001, the exercise of subscription rights for one stock at 36.00 € for 20 warrants was possible. The options were exercised for 31 stocks. The warrants issued have thus expired.

Capital reserve

In 2001, 1,085.00 € was allocated to the capital reserve from a capital increase through warrants.

Revenue reserves

On December 31, 2001, the "other revenue reserves" were unchanged. We comment on the "reserve for own stocks" in the following paragraph.

Own stocks

On July 6, 2000, the shareholders' meeting authorized us, pursuant to Section 71 Subsection 1 Number 8 AktG, to acquire own stocks for the purpose of sale or for withdrawal from circulation. It was limited in time until December 1, 2001, and to 10.0% of the nominal capital of July 6, 2000, i.e. 1,325,631 stocks.

On July 3, 2001, the shareholders' meeting revised the authorization. It is now limited in time until December 31, 2002, and to 10.0% of the nominal capital of July 3, 2001, i.e. 1,679,698 stocks.

The resolution of the shareholders' meeting on July 3, 2001, authorized the Board to either partly or completely withdraw acquired stocks with the consent of the Supervisory Board on the basis of the authorization granted July 6, 2000. This authorization may be used in part or completely and on one occasion or on several occasions.

In 2001, these authorizations have been made use of by purchasing stocks. The table following shows the number of stocks traded by calendar month. The purchases were made exclusively through the stock exchange. In 2001, Berliner Effektengesellschaft AG acquired 521,870 stocks for 11,077,000 €. The 37,268 stocks that were held by the Berliner Effektenbeteiligungsgesellschaft AG were sold in January for a revenue of 934,000 € with 8,000 € income. The portfolio remaining in the company on December 31, 2001, of 746,505 own stocks, had to be written off by 7,898,000 € on account of strict adherence to the principle of lower of cost or market. A "reserve for own stocks" is to be recorded in the balance sheet in the amount of the residual book value of the own stocks of 6,935,000 €. Taking into account the reserve formed at December 31, 2000, 3,169,000 € were allocated to the reserve as at December 31, 2001.

Furthermore the company continues to hold the stocks it acquired in Consors Discount-Broker AG, which as at December 31, 2001, held a 53.0% participatory investment in Berliner Effektengesellschaft AG. There is a reserve for stocks in a controlling company in the amount of the book value of 4,841,000 €. The reserve is stated in the balance sheet under "reserve for own stocks."

Month	Number of stocks purchased/transferred	Number of stocks sold/disposed	Proportion of nominal capital
Brought forward	261,903		1.98%
January 2001	70,405	37,268	0.53%
February 2001	87,883		0.66%
March 2001	92,214	-	0.70%
April 2001	93,236		0.70%
May 2001	32,443		0.24%
June 2001	41,174	-	0.31%
Sub-total Authorization 2000	679,258	37,268	5.12%
July 2001	51,010		0.30%
August 2001	24,953		0.15%
September 2001	20,433		0.12%
October 2001	3,294		0.02%
November 2001	3,502		0.02%
December 2001	1,323	-	0.01%
Total Authorization 2001	104,515	-	0.62%
Grand total	783,773	37,268	4.67%

statement for 2001 does not include any profits from participatory investments. In addition the company received profits from charge-outs for services and tax payments, particularly to affiliated companies, which are accounted for under "other operating profits." Due to the deficit in 2001, a trade tax payment was not required. As a result of this, there were also no profits received from the charge-out on trade tax. Profits were mainly received for services in the areas of organization/administration/personnel and investor relations/public relations, there as a result of invoices.

The Effektengesellschaft AG wrote off 5,357,000 € on its participatory investments. Of this amount, 2,985,000 € were on participatory investments abroad. The write-offs occurred strictly observing the principle of lower of cost or market, provided that market values were available.

Personnel expenses in the past business year increased from 704,000 € to 1,457,000 €. This is due to the increase of personnel on balance by two employees.

The tax assessments received and the tax declarations delivered led to tax refunds or allowed for the release of tax accruals, which meant that the result was reduced by tax profits amounting to 1,285,000 €.

The warrants we had had in the portfolio at the beginning of the year, were retired in July as the deadline had expired.

C. EXPLANATIONS TO THE INCOME STATEMENT

The purpose of our company is participation in companies offering financial services, in particular in connection with securities trading and the IPO business. Consequently, revenue is obtained from the investment of liquidity funds, profits from participatory investments and charge-outs for services to subsidiaries.

As a result of the capital increase and the dividend payment from the Berliner Freiverkehr (Aktien) AG to the company last year, distinct liquidity funds exit. The investment of these liquidity funds in fixed-term deposits acquired interest profits that amounted to 1,370,000 €. Dividend payments to the company from affiliated companies in 2001 were already effectively accounted for last year, so that the income

D. OTHER INFORMATION

Interests held

The following information relates to December 31, 2001, or the business year 2001, unless otherwise specified.

Consors Capital Bank AG, Frankfurt/Main

(formerly Berliner Effektenbank AG, Berlin)

Nominal capital:		15,132,456.00 €
Interests held:	15.3%	2,314,815.00 €
Stockholders' equity:		20,981,992.84 €
Net income:		- 19,159,119.15 €

Berliner Freiverkehr (Aktien) AG, Berlin

Nominal capital:		23,000,000.00 €
Interests held:	100.0%	23,000,000.00 €
Stockholders' equity:		37,174,397.10 €
Net income:		- 13,722,451.48 €

Online Securities Holding Inc., Delaware, USA

Nominal capital:		215,025.52 US-\$
Interests held:	28.0%	60,303.03 US-\$
Stockholders' equity		
as of December 31, 2000:		3,016,525.00 US-\$
Net income 2000:		- 2,080,701.00 US-\$

Ventegis Capital AG, Berlin

(formerly Cybermind AG, Berlin)

Nominal capital:		12,608,455.00 €
Interests held:	37.3%	4,698,071.00 €
Stockholders' equity		
(provisional):		12,670,723.17 €
Net income		
(provisional):		- 7,330,198.94 €

Other financial commitments

There are no significant contingent liabilities or financial obligations which are not evident from the annual financial statements.

Employees

The number of employees has developed as follows:

	Female	Male	Total
Average of the year			
Board members	0.0	2.5	2.5
Other employees	3.8	3.0	6.8
Total	3.8	5.5	9.3
off which part-time employees (number of persons)	1.0	1.0	2.0
off which part-time employees (equal to full-time employees)	0.6	0.8	1.4
As of December 31, 2001			
Board members	0.0	2.0	2.0
Other employees	4.0	3.0	7.0
Total	4.0	5.0	9.0
off which part-time employees (number of persons)	1.0	1.0	2.0
off which part-time employees (equal to full-time employees)	0.8	0.6	1.4

CORPORATE BODIES OF BERLINER EFFEKTENGESELLSCHAFT AG

(as of December 31, 2001)

Members of the Board

Dr. Jörg Franke, Frankfurt/Main,
Chairman
(since February 1, 2001)

Member of the Supervisory Board:
Mummert + Partner Unternehmensberatung AG, Hamburg
(from September 2001)
RTS Realtime Systems (Deutschland) AG, Frankfurt/Main
(from December 2001)
Member of the Board:
Fresco S.A., Luxemburg
(from December 2001)
Non Executive member of the Board:
Nasdaq Europe S.A., Brussels, Belgium/
London, UK
(from December 2001)

Dr. Wolfgang Janka, Berlin
(until July 3, 2001)

Member of the Board of
Berliner Effektenbeteiligungsgesellschaft AG, Berlin
(until August 15, 2001)
Member of the Board of
Consors Capital Bank AG, Frankfurt/Main
(until March 31, 2001)
Chairman of the Supervisory Board:
COR AG Insurance Technologies,
Leinfelden-Echterdingen
(from June 2001)
FBBI Free Zone Berlin-Brandenburg International AG, Berlin
Member of the Supervisory Board:
InfoGenie Europe AG, Berlin

Holger Timm, Berlin,
Chairman

Chairman of the Board of
Berliner Freiverkehr (Aktien) AG, Berlin
Member of the Board of
Berliner Effektenbeteiligungsgesellschaft AG, Berlin
(until August 15, 2001)
Chairman of the Supervisory Board:
Ventegis Capital AG, Berlin
Member of the Supervisory Board:
Consors Capital Bank AG, Frankfurt/Main
EuroChange AG, Berlin
Member of the Board:
Ladenburg Thalmann & Co. Inc., New York, USA

Members of the Supervisory Board

André Dujardin, Berlin,
entrepreneur

Carl-Thomas Epping, Hamburg,
entrepreneur
(until April 24, 2001)

Deputy Chairman of the Supervisory Board:
Geco AG, Hamburg
Member of the Supervisory Board:
CDRB Holding AG, Dusseldorf
Qualimedica AG, Cologne

Dr. Reto Francioni, Hof/Saale,
Chairman of the Board of
Consors Discount-Broker AG, Hof/Saale
Chairman
(since January 29, 2001)

Chairman of the Supervisory Board:
Consors Capital Bank AG, Frankfurt/Main
Member of the Supervisory Board:
Conrad Holding GmbH, Hirschau
Consors España S.V., S.A., Madrid, Spain
Consors ONline Broker SIM S.p.A., Milan, Italy
Consors (Schweiz) AG, Zurich, Switzerland
ONBanca S.p.A., Milan, Italy

Wolfgang Hermann, Berlin,
businessman
(Chairman until January 28, 2001)
Deputy Chairman
(since January 29, 2001)

Chairman of the Supervisory Board:
Berliner Freiverkehr (Aktien) AG, Berlin
EuroChange AG, Berlin
Member of the Supervisory Board:
Ventegis Capital AG, Berlin

Dr. Andor Koritz, Berlin,
lawyer
(since May 11, 2001)

Member of the Supervisory Board:
Berliner Freiverkehr (Aktien) AG, Berlin

Detlef Prinz, Berlin,
entrepreneur

Member of the Supervisory Board:
Messe Berlin GmbH, Berlin
(from September 2001)

Dr. Günter Rexrodt, Berlin,
member of the Bundestag (Lower House), former
Federal Minister for Economics

Chairman of the Supervisory Board:
AGIV AG, Frankfurt/Main
(from July 2001)
Member of the Supervisory Board:
AWD AG, Hannover
DTZ Zadelhoff Holding GmbH, Frankfurt/Main
Euro Ratings AG, Frankfurt/Main
Landaumedia AG, Berlin
Member of the Board:
Skandia AB, Stockholm, Sweden

Remuneration of the corporate bodies

With regard to remuneration for members of the Board, we would like to apply the provision stated under Section 286 Subsection 4 HGB. The remuneration of the Supervisory Board amounted to 57,000 €.

Proposal on application of profits

The Board proposes to the shareholders' meeting, that the net loss be brought forward to the new balance sheet.

Berlin, February 22, 2002

Berliner Effektengesellschaft AG

Holger Timm

Dr. Jörg Franke

Fixed assets schedule pursuant to section 264 HGB as of December 31, 2001

	in € Acquisition costs	in € Additions in the business year	in € Disposals in the business year	in € Write-offs in total	in € Write-offs in the business year	in € Residual book value at 12-31-2001	in € Residual book value in prior year
Tangible fixed assets							
Business and office equipment	108,708.67	13,218.74	1,104.18	43,136.23	24,285.74	77,687.00	88,754.00
Total tangible assets	108,708.67	13,218.74	1,104.18	43,136.23	24,285.74	77,687.00	88,754.00
Financial assets							
Stocks in affiliated companies	50,024,261.49	18,000,000.00	2,576,911.08	-	-	65,447,350.41	50,024,261.49
Participatory investments	12,803,797.59	15,506,851.95	9,678,958.10	5,356,511.53	5,356,511.53	13,275,179.91	12,803,797.59
Loans to companies with which there is a participatory relationship	261,650.81	4,241,796.50	262,145.28	-	-	4,241,302.03	261,650.81
Total financial assets	63,089,709.89	37,748,648.45	12,518,014.46	5,356,511.53	5,356,511.53	82,963,832.35	63,089,709.89
Total fixed assets	63,198,418.56	37,761,867.19	12,519,118.64	5,399,647.76	5,380,797.27	83,041,519.35	63,178,463.89

AUDITORS' REPORT

We have audited the annual financial statements of Berliner Effektengesellschaft AG, including the accounting and the summarized management report and the Group management report for the business year from January 1, 2001, to December 31, 2001. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with the German commercial laws' provisions are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the annual financial statements, the bookkeeping system and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the generally accepted German Standards for audits of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) – (Institute of Accountants). Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the annual financial statements, in accordance with generally accepted principles of accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and evaluations of possible misstatements have been taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the annual financial statements give a true and fair view of the company's net assets, financial position and results of operations, in accordance with generally accepted principles of accounting. On the whole, the management report provides a suitable understanding of the company's position and suitably presents the risks of future development.

Frankfurt/Main, March 11, 2002
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Zinnhardt
Wirtschaftsprüfer
(Accountant)

Mende
Wirtschaftsprüfer
(Accountant)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

GROUP BALANCE SHEET

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

as of December 31, 2001

	in € 2001	in € 2001	in € 2001	in '000€ 2000	in '000€ 2000 (adjusted scope of consolidation)
ASSETS					
1. Cash reserve assets					
a) Cash balance		36.81		3	3
b) Balances held at central banks		0.00		0	0
including: at the Deutsche Bundesbank ---					
c) Balances held at Postbank		0.00	36.81	0	0
2. Receivables from banks					
a) due daily		8,554,343.84		17,770	14,791
b) other receivables		41,170,133.70	49,724,477.54	64,817	64,817
3. Receivables from customers			1,508,049.19	996	258
including: secured by charges on properties ---					
Loans to municipalities ---					
4. Bonds and other fixed-interest securities					
a) Money market securities					
aa) from public-sector issuers	0.00			0	0
including: eligible as collateral for the Deutsche Bundesbank ---					
ab) from other issuers	0.00	0.00		0	0
including: eligible as collateral for the Deutsche Bundesbank ---					
b) Loans and bonds					
ba) from public-sector issuers	0.00			0	
including: eligible as collateral for the Deutsche Bundesbank ---					
bb) from other issuers		0.00		198	198
including: eligible as collateral for the Deutsche Bundesbank ---					
c) own bonds		0.00	0.00	0	0
Nominal amount ---					
5. Stocks and other non-fixed interest securities			158,027.28	8,898	2,736
6. Participatory investments			7,120,706.90	13,554	12,804
including: in banks 4,546,862.73 €					
in financial services institutions ---					
7. Stocks in affiliated companies			16,290,151.67	57,232	62,174
including: in banks 16,290,151.67 €					
in financial services institutions ---					
8. Stocks in associated companies			6,154,473.01	6,565	0
including: in banks ---					
in financial services institutions ---					
9. Intangible assets			4,369,787.00	5,751	4,983
10. Tangible assets			3,079,678.54	3,195	3,195
11. Own stocks or interests			6,935,215.10	4,697	3,765
Nominal amount/computed value 746,505.00 €					
12. Other current assets			26,077,239.19	19,281	22,622
13. Prepaid and deferred expenses			17,257.24	58	56
14. Deferred tax assets			0.00	377	0
Total assets			121,435,099.47	203,392	192,402

EQUITY AND LIABILITIES

	in € 2001	in € 2001	in € 2001	in '000€ 2000	in '000€ 2000 (adjusted scope of consolidation)
1. Liabilities to banks					
a) due daily		75,060.90		142	142
b) with agreed term or period of notice		0.00	75,060.90	0	0
2. Liabilities to customers					
a) Savings deposits					
aa) with agreed period of notice of three months	0.00			0	0
ab) with agreed period of notice of more than three months	0.00	0.00		0	0
b) other liabilities					
ba) due daily	196,817.95			584	584
bb) with agreed term or period of notice	0.00	196,817.95	196,817.95	0	0
3. Other liabilities			472,000.44	740	0
4. Prepaid and deferred expenses			0.00	0	0
5. Provisions and accruals					
a) Provisions for pensions and similar obligations		0.00		0	0
b) Tax accruals		0.00		8,185	4,613
c) other provisions and accruals		1,962,100.00	1,962,100.00	3,094	2,137
6. Special item partly with reserve character			3,150.00	6	6
7. Stockholders' equity					
a) Stock capital		16,797,016.00		16,797	16,797
b) Capital reserve		100,919,950.38		119,885	119,885
c) Revenue reserves					
ca) Statutory reserve	25,564.59			107	26
cb) Reserve for own stocks	18,235,737.55			31,803	31,431
cc) Reserves required by the articles of association	0.00			0	0
cd) other revenue reserves	0.00	18,261,302.14		8,018	5,963
d) Retained earnings		- 17,252,298.34		10,078	10,078
e) Outside stockholders' shares		0.00	118,725,970.18	3,953	740
Total equity and liabilities			121,435,099.47	203,392	192,402
1. Contingent liabilities					
a) Contingent liabilities from rediscounted bills of exchange		0.00		0	0
b) Liabilities from sureties and guarantee contracts		0.00		0	0
c) Liability from the furnishing of collateral for third-party liabilities		0.00	0.00	0	0
2. Other obligations					
a) Redemption obligations from spurious repurchase deals		0.00		0	0
b) Placing and takeover obligations		0.00		0	0
c) irrevocable loan agreements		0.00	0.00	0	0

GROUP INCOME STATEMENT

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

from January 1, 2001 to December 31, 2001

	in € 1-1-12-31-2001	in € 1-1-12-31-2001	in € 1-1-12-31-2001	in '000 € 1-1-12-31-2000	in '000 € 1-1-12-31-2000 (adjusted scope of consolidation)
1. Interest profits from					
a) Loan and money market transactions	2,496,077.35			3,304	1,985
b) fixed-interest securities and bonds issued in book-entry form	27,984.15	2,524,061.50		25	25
2. Interest expenses		- 10,624.74	2,513,436.76	- 949	- 31
3. Current profits from					
a) Stocks and other non-fixed interest securities		17,495.97		192	181
b) Participatory investments		0.00		0	0
c) Stocks in affiliated companies		0.00	17,495.97	3,768	3,768
4. Result from associated companies			- 2,371,521.40	0	0
5. Commissions received			12,863,178.77	27,995	25,559
including: courtage profits	12,430,147.79				
courtage profits from pooling settlement	0.00				
6. Commissions paid			- 3,630,415.75	- 1,360	- 901
including: courtage expenses	- 3,456,913.67				
courtage expenses from pooling settlement	0.00				
7a. Profit from financial transactions			37,203,100.69	128,396	123,801
of which: aa) Securities	131,068.47			(7,777)	(3,182)
ab) Futures	0.00			(11)	(11)
ac) Options	0.00			(0)	(0)
ad) Price differences on name-to-follow transactions	37,063,320.96			(120,608)	(120,608)
7b. Expenses from financial transactions			- 32,647,453.80	- 72,423	- 70,992
of which: ba) Securities	- 955,952.45			(- 4,718)	(- 3,217)
bb) Futures	0.00			(- 52)	(- 52)
bc) Options	0.00			(0)	(0)
bd) Price differences on name-to-follow transactions	- 31,678,335.11			(- 67,653)	(- 67,653)
8. Other operating profits			2,240,589.08	3,008	2,949
9. Profits from the release of special items partly with reserve character			3,348.00	22	21
10. General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries	- 5,903,206.80			- 12,219	- 10,489
ab) social security payments and expenses for pensions	- 763,392.22	- 6,666,599.02		- 802	- 698
including: for old-age pensions 48,801.84 €					
b) other administrative expenses		- 8,427,267.81	- 15,093,866.83	- 11,662	- 10,038
11. Write-offs and value adjustments on intangible assets and tangible assets			- 1,852,536.04	- 2,197	- 2,145
12. Other operating expenses			- 1,039,483.47	- 185	- 176

	in € 1-1-12-31-2001	in € 1-1-12-31-2001	in € 1-1-12-31-2001	in '000 € 1-1-12-31-2000	in '000 € 1-1-12-31-2000 (adjusted scope of consolidation)
13. Write-offs and value adjustments on receivables and certain securities as well as allocations to provisions and accruals in credit business		- 7,801,029.49		0	- 1,683
14. Profits from write-ups on receivables and certain securities as well as from release of provisions and accruals in credit business		0.00	- 7,801,029.49	4,760	0
15. Write-offs and value adjustments on participatory investments, stocks in affiliated companies and securities treated as fixed assets		- 49,419,118.28		- 33	0
16. Profits from write-ups on participatory investments, stocks in affiliated companies and securities treated as fixed assets		0.00	- 49,419,118.28	0	0
17. Appropriations to special items with reserve character			0.00	0	0
18. Result from ordinary activities			- 59,014,275.79	69,640	61,206
19. Extraordinary profits		0.00		0	0
20. Extraordinary expenses		0.00		0	0
21. Extraordinary result		0.00	0.00		
22. Income and profit taxes			922,289.69	- 19,499	- 15,728
23. Other taxes, unless recorded under item 12			- 617.69	- 1	- 1
24. Net income			- 58,092,603.79	50,140	45,477
a) Outside stockholders' share of net income			0.00	2,305	269
b) Outside stockholders' share of net loss			0.00	0	0
25. Income carry-forward from prior year			283,854.89	44	44
a) Outside stockholders' share of income/loss carry-forward			0.00	0	0
26. Withdrawals from the capital reserve			18,966,111.30	0	0
27. Withdrawals from the revenue reserves					
a) from the statutory reserve		0.00		0	0
b) from the reserve for own stocks		16,364,206.00		0	0
c) from reserves required by the articles of association		0.00		0	0
d) from other revenue reserves		11,358,780.85	27,722,986.85	0	0
28. Appropriation to the revenue reserves					
a) to the statutory reserve		0.00		- 27	0
b) to the reserve for own stocks		- 3,169,455.54		- 31,275	- 30,902
c) to reserves required by the articles of association		0.00		0	0
d) to other revenue reserves		- 2,963,192.05	- 6,132,647.59	- 6,499	- 5,848
29. Retained earnings			- 17,252,298.34	10,078	8,502

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR 2001

BERLINER EFFKTENGESELLSCHAFT AG, BERLIN

A. GENERAL BACKGROUND

Scope of consolidation

Berliner Effektengesellschaft AG, Berlin, is the parent company of the Berliner Effektengesellschaft AG Group. Besides the parent company, the subsidiary, a domestic company, is included in the consolidation of the Group financial statements. With effect from April 27, 2001, the Berliner Effektenbeteiligungsgesellschaft AG, Berlin, was merged with the Cybermind AG, Berlin. Subsequently the name was changed from Cybermind AG to Ventegis Capital AG. During the past year the Consors Capital Bank AG, Frankfurt/Main, increased its capital twice, on both occasions the Berliner Effektengesellschaft AG was not involved. In the scope of these capital increases the participatory ratio was reduced from 23.0% to 15.3%, so that the Consors Capital Bank AG, which was accounted for at equity on December 31, 2000, is only accounted for as "stocks in affiliated companies." For purposes of comparison, we reproduce the figures of the prior year additionally with the adjusted scope of consolidation.

The Berliner Effektengesellschaft AG Group is included in the consolidated financial statements of Consors Discount-Broker AG, Hof/Saale, which are prepared in accordance with US-GAAP, and of SchmidtBank GmbH & Co. KGaA, Hof/Saale (the ultimate Group company), which are prepared in accordance with the provisions of the Handelsgesetzbuch (HGB) – (German Commercial Code), in conjunction with the Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV) – (Bank Accounting Directive), each set of financial statements being published in the Bundesanzeiger (Federal Gazette) and deposited at the Local Court of Hof/Saale.

B. GENERAL INFORMATION ON THE CLASSIFICATION OF THE GROUP FINANCIAL STATEMENTS AND ON ACCOUNTING AND VALUATION METHODS

Preparation of the Group financial statements

The Group financial statements of Berliner Effektengesellschaft AG for the year ended

December 31, 2001, were prepared in accordance with the provisions of the HGB and the RechKredV as last amended on December 11, 1998.

The classification of the annual financial statements is in accordance with the RechKredV; the vertical form has been chosen for the income statement.

The subsidiary included, which was first consolidated in the Group financial statements as at December 31, 1998, was consolidated according to the book value method pursuant to Section 301 Subsection 1 Number 1 HGB. The book value of the participatory investment was offset against the stockholders' equity relating to it at the time of the acquisition of the interests. Ventegis Capital AG is included in the Group financial statements at equity, under the book value method pursuant to Section 312 Subsection 1 Number 1 HGB.

Receivables and liabilities between the companies included in the Group financial statements were eliminated, as too were expenses and profits.

In view of their subordinate importance for the net assets, financial position and results of operations, one associated company is included in the Group balance sheet at acquisition costs, diminished by write-offs to the lower applicable value, instead of at equity. It is shown under the item "participatory investments."

The annual financial statements were prepared in €.

Accounting and valuation principles

Accounting and valuation principles correspond with the statutory regulations.

Receivables from banks and customers are shown at their nominal value. Securities are defined in Section 7 RechKredV; in the balance sheet we show them under the items "bonds and other fixed-interest securities," "stocks and other non-fixed interest securities," "stocks in associated companies," "stocks in affiliated companies" and "participatory investments."

In stating profits/expenses we distinguish in the case of securities between fixed assets, trading stocks and stocks of the liquidity reserve (securities which are treated neither as fixed assets nor as part of the trading stock). In the latter two cases, these are current assets, which are stated observing strictly the principle of lower of cost or market, for each type of security, at the continuously determined average values or lower values on the balance sheet date. We have recorded securities which are shown under “participatory investments” and “stocks in affiliated companies” as fixed assets. The write-offs which were not made for this reason amount to 2,325,000 €.

Recognizable risks have been accounted for with value adjustments, provisions and accruals.

Financial assets have been recorded at acquisition costs, taking account of probably permanent diminutions in value. We have valued tangible assets at acquisition or production costs and, when depreciable, less normal fiscally permitted write-offs using the straight-line method. Low-value assets are written off in full in the year of acquisition and retired.

For deferred tax assets, we did not establish a deferred tax item in accordance with the provisions of Section 274 Subsection 2 HGB. We have adopted last year’s item from the financial statements of a subsidiary.

Liabilities are stated at their repayment amount.

We have formed the provisions and accruals for taxes, uncertain liabilities and impending losses from pending transactions in the amount of their probable utilization on the basis of reasonable commercial judgment. Provisions and accruals for impending losses have been formed for pending name-to-follow transactions.

Proportional interest determined at the balance sheet date is shown under the underlying receivables or liabilities.

Translation of currency

The valuation of assets and debts denominated in foreign currency has been made in accordance with the provisions of Section 340 h HGB. There was a deviation for stocks which are quoted on a stock exchange in € and whose nominal value or computed nominal value (e.g. individual stocks) is denominated in foreign currency. These might be, for example, stocks in US companies whose capital is denominated in US-\$. We have recorded these securities, observing the principle of lower of cost or market, at their acquisition costs or at the closing rates determined in € on a German stock exchange.

All other assets and debts denominated in foreign currencies were translated at reference rates of the European Central Bank or, in cases where no reference rates were available, at the average rates on the currency market on the balance sheet date. For the balance sheet items, the method of simply secured assets and debts and the option of sole recognition of losses from currency translation pursuant to Section 340 h HGB were applied.

C. NOTES ON THE BALANCE SHEET

Classification of remaining terms

The classification of remaining terms is as follows:

	in € 2001	in € 2000	in € 2000 (adjusted)
Other receivables from banks			
a) in less than three months	38,302,076.08	64,817,400.44	64,817,400.44
b) more than three months and less than one year	0.00	0.00	0.00
c) more than one year and less than five years	2,868,057.62	0.00	0.00
d) more than five years	0.00	0.00	0.00
	41,170,133.70	64,817,400.44	64,817,400.44
Receivables from customers			
a) in less than three months	0.00	0.00	0.00
b) more than three months and less than one year	0.00	0.00	0.00
c) more than one year and less than five years	1,406,823.22	737,463.00	0.00
d) more than five years	0.00	0.00	0.00
e) of indefinite term	101,225.97	258,913.81	258,913.81
	1,508,049.19	996,376.81	258,913.81

Receivables from and liabilities to affiliated companies

The receivables from banks include 39,170,000 € receivables from Consors Capital Bank AG. There are no other receivables from affiliated companies or liabilities to affiliated companies.

Total amount of all assets and debts denominated in foreign currency

The amounts represent the sums of the equivalents in € of the most various currencies. The difference does not indicate any exposed foreign currency positions.

	in '000 € 2001	in '000 € 2000	in '000 € 2000 (adjusted)
Assets	9,955	15,719	14,555
Debts	-	5	5

Securities marketable on a stock exchange

	in '000 € 2001	in '000 € 2000	in '000 € 2000 (adjusted)
Listed on a stock exchange			
Bonds and other fixed-interest securities	0	0	0
Stocks and other non-fixed interest securities	56	4,802	1,598
Participatory investments	4,547	0	0
Stocks in affiliated companies	11,301	57,232	57,232
Stocks in associated companies	0	0	0
Not listed on a stock exchange			
Bonds and other fixed-interest securities	0	199	199
Stocks and other non-fixed interest securities	102	2,987	829
Participatory investments	2,574	13,554	12,803
Stocks in affiliated companies	4,990	0	0
Stocks in associated companies	6,154	7,564	7,564
Total of listed investments			
Bonds and other fixed-interest securities	0	199	199
Stocks and other non-fixed interest securities	158	7,789	2,427
Participatory investments	7,121	13,554	12,803
Stocks in affiliated companies	16,291	57,232	57,232
Stocks in associated companies	6,154	7,564	7,564

The securities in the portfolio are all listed on stock exchanges. Stocks which are listed on the OTC market of a German stock exchange do not qualify as listed on a stock exchange in the meaning of the RechKredV.

Goodwill

In the consolidation of the subsidiary existing on December 31, 2001, Berliner Freiverkehr (Aktien) AG, Berlin, there resulted an asset difference (goodwill) of 6,295,327.59 €.

This goodwill is being amortized over ten years. Goodwill totalling 4,249,346.00 € was shown on December 31, 2001. This item on December 31, 2000, also included the goodwill of Berliner Effektenbeteiligungsgesellschaft AG. In April 2001, the Berliner Effektenbeteiligungsgesellschaft AG merged retroactively to January 1, 2001, with the then Cybermind AG. This merger has completely alienated the goodwill. At first 19.7% of the interests in Ventegis Capital AG were acquired. Further acquisitions and the almost complete assumption of the company's cash capital increase, mean that the participatory ratio is now at 37.3%. The acquisition costs of the interests include goodwill amounting to altogether

2,349,209.59 €. These will be written off using the straight-line method over 15 years. The writing-off will begin for a part of the amount, 68,254.54 €, on May 1, 2001, and for the remaining 2,280,955.05 €, on November 1, 2001. Due to a valuation on December 31, 2001, we have decided on a special write-off for this goodwill. Following the straight-line method, write-offs of 41,049.45 € and the special write-off of 968,039.23 €, 1,340,120.91 of goodwill now remain and are listed under "stocks in associated companies."

The participatory ratio in Consors Capital Bank AG decreased to 15.3%, as a result of capital increases, and is now listed in the Group financial statements under "stocks in affiliated companies" rather than under "stocks in associated companies." The goodwill, which was 1,331,000 € on December 31, 2000, has fallen accordingly.

Development of fixed assets

	in '000 € Acquisition costs	in '000 € Additions in the business year	in '000 € Disposals in the business year	in '000 € Change in scope of consolidation
Financial assets				
Stocks in associated companies	7,896	8,526	0	- 7,896
Stocks in affiliated companies	57,232	0	0	4,990
Participatory investments	13,554	6,981	9,679	- 750
Securities of fixed assets	1,468	0	0	- 1,468
Total financial assets	80,150	15,507	9,679	- 5,124
Tangible assets	4,437	961	151	0
Intangible economic assets				
Intangible assets	111	75	0	0
Goodwill	7,829	0	0	- 1,534
Total intangible economic assets	7,940	75	0	- 1,534
Total fixed assets	92,527	16,543	9,830	- 6,658

The additions to “stocks in associated companies” in the business year include the interests in Ventegis Capital AG. The interests in Consors Capital Bank AG will be transferred from “stocks in associated companies” to “stocks in affiliated companies,” with effect from December 31, 2001. Besides this reclassification, the amounts in the column “change in scope of consolidation” are a result of the deconsolidation of the Berliner Effektenbeteiligungsgesellschaft AG. In the scope of the deconsolidation, individual assets have fallen accordingly from the Group financial statements. The write-offs on the “stocks in associated companies” relate on the straight-line method and the special write-offs on the goodwill of the Ventegis Capital AG, with effect from December 31, 2001.

The item “stocks in affiliated companies” shows interests in Consors Discount-Broker AG, the controlling company, and Consors Capital Bank AG.

Other current assets

“Other current assets” comprise items which cannot be subsumed under other balance sheet items on the assets side. They relate to receivables from the tax authority, amounting to 26,017,000 €.

Deferred tax assets

On December 31, 2001, there were no deferred tax assets. The amount from the previous year was adopted from the individual financial statements of a company which is no longer included in the consolidated annual financial statements.

Other liabilities

“Other liabilities” comprise items on the equity and liabilities side which cannot be subsumed under other balance sheet items. Of the 472,000 €, 219,000 € relate to trade accounts payable and 148,000 € to payroll-deducted wages tax and social insurance contributions which have still to be paid, 72,000 € to owed sales taxes and 34,000 € to the balance items on currency valuation.

in '000 € Write-offs in total	in '000 € Write-offs in the business year	in '000 € Residual book value at 12-31-2001	in '000 € Residual book value in prior year	in '000 € Residual book value in prior year (adjusted)
2,372	2,372	6,154	6,565	0
45,932	45,932	16,290	57,232	62,174
2,985	0	7,121	13,554	12,804
0	0	0	1,435	0
51,289	48,304	29,565	78,786	74,978
2,167	1,035	3,080	3,195	3,195
66	60	120	105	105
2,046	758	4,249	5,646	4,878
2,112	818	4,369	5,751	4,983
55,568	50,157	37,014	87,732	83,156

Provisions and accruals

“Other provisions and accruals” comprise amounts for the bonuses which are probably payable for 2001, and the costs for banking supervision.

Special item partly with reserve character

The “special item partly with reserve character” records the special write-offs pursuant to Sections 1-4 Fördergebietsgesetz (FördGG) – (Regional Aid Act). They are released regularly over the assets’ effective period, in favor of the income statement. In 2001, releases were made in the amount of 3,348.00 €. There were no new formations.

Stock capital

On December 31, 2001, the stock capital was 16,796,985.00 €. The bonus warrants issued in 1999 provided entitlement in July 2001 to a subscription of stocks in Berliner Effektengesellschaft AG for the last time. Of the maximum of 654,000 individual stocks, 31 were subscribed. On December 31, 2001, the stock capital therefore was 16,797,016.00 €, divided into 16,797,016 non-par individual stocks.

During the past financial year, we did not receive any reports prescribed by Section 21 Subsection 1 of the Wertpapierhandelsgesetz (WpHG) – (Securities Trading Law).

Approved capital

No capital increases were performed from the existing tranches of approved capital. The Board was authorized by the shareholders’ meeting of July 3, 2001, to increase the stock capital until July 2, 2006, with the consent of the Supervisory Board, by issue of new individual stocks against cash or non-cash contribution once or more than once by a total of up to 8,398,492.50 €. The previous authorization was thereby terminated.

Contingent capital

The shareholders’ meeting of June 15, 1999, had resolved to contingently increase the stock capital by 600,000 € for an employee option scheme (contingent capital I) and by 5,940,000 € for the issue of stock option warrants without bonds (contingent capital II). On the basis of the contingent capital increase 13,080,000 warrants were issued. In July 2001, the exercise of subscription rights for one stock at 36.00 € for

20 warrants was possible. The options were exercised for 31 stocks. The warrants issued have thus expired.

Capital reserve

In 2001, 1,085.00 € was allocated to the capital reserve from a capital increase through warrants. In addition and in scope of the Group income statement, partial amounts from the write-off of the stocks in Consors Discount-Broker AG, which only appear in the consolidated financial statements, were withdrawn from the capital reserves.

Revenue reserves

A total of 27,722,986.85 € was withdrawn from the revenue reserves in the Group. Of this amount 16,364,206.00 € relate to reserves for stocks in a controlling company, shown in the balance sheet under “reserve for own stocks.” At the same time, 2,641,754.52 €, the subsidiary’s retained earnings, was allocated to the other revenue reserves and a total of 3,169,455.54 € to the “reserve for own stocks.”

Balancing item for outside stockholders’ shares

In the previous year, the balancing item for “outside stockholders’ shares” related to Berliner Effektenbeteiligungsgesellschaft AG. As of December 31, 2001, no subsidiaries, in which third party interests exist, will be included in the consolidated financial statements within the scope of full consolidation.

Own stocks

On July 6, 2000, the shareholders’ meeting authorized us, pursuant to Section 71 Subsection 1 Number 8 AktG, to acquire own stocks for the purpose of sale or for withdrawal from circulation. It was limited in time until December 1, 2001, and to 10.0% of the nominal capital of July 6, 2000, i.e. 1,325,631 stocks.

On July 3, 2001, the shareholders’ meeting revised the authorization. It is now limited in time until December 31, 2002, and to 10.0% of the nominal capital of July 3, 2001, i.e. 1,679,698 stocks.

The resolution of the shareholders’ meeting on July 3, 2001, authorized the Board to either partly or completely withdraw acquired stocks with the consent of the Supervisory Board on the basis of the authorization granted July 6, 2000. This authorization may be used in part or completely

and on one occasion or on several occasions.

In 2001, these authorizations have been made use of by purchasing stocks. The table following shows the number of stocks traded by calendar month. The purchases were made exclusively through the stock exchange. In 2001, Berliner Effektengesellschaft AG acquired 521,870 stocks for 11,077,000 €. The 37,268 stocks that were held by the Berliner Effektenbeteiligungsgesellschaft AG were sold in January for a revenue of 934,000 € with 8,000 € income. The portfolio remaining in the company on December 31, 2001, of 746,505 own stocks, had to be written off by 7,898,000 € on account of strict adherence to the principle

of lower of cost or market. A “reserve for own stocks” is to be recorded in the balance sheet in the amount of the residual book value of the own stocks of 6,935,000 €. Taking into account the reserve formed at December 31, 2000, 3,169,000 € were allocated to the reserve as at December 31, 2001.

Furthermore the company continues to hold the stocks it acquired in Consors Discount-Broker AG, which as at December 31, 2001, held a 53.0% participatory investment in Berliner Effekten-gesellschaft AG. There is a reserve for stocks in a controlling company in the amount of the book value of 4,841,000 €. The reserve is stated in the balance sheet under “reserve for own stocks.”

Month	Number of stocks purchased/transferred	Number of stocks sold/disposed	Proportion of nominal capital
Brought forward	261,903		1.98%
January 2001	70,405	37,268	0.53%
February 2001	87,883		0.66%
March 2001	92,214	-	0.70%
April 2001	93,236		0.70%
May 2001	32,443		0.24%
June 2001	41,174	-	0.31%
Sub-total Authorization 2000	679,258	37,268	5.12%
July 2001	51,010		0.30%
August 2001	24,953		0.15%
September 2001	20,433		0.12%
October 2001	3,294		0.02%
November 2001	3,502		0.02%
December 2001	1,323	-	0.01%
Total Authorization 2001	104,515	-	0.62%
Grand total	783,773	37,268	4.67%

The warrants we had had in the portfolio at the beginning of the year, were retired in July as the deadline had expired.

D. EXPLANATIONS TO THE INCOME STATEMENT

Profits and expenses from financial transactions

The “profits and expenses from financial transactions” are income or losses which arise from purchase and sale of securities as a result of market price fluctuations. Write-offs on trading stocks are dealt with separately. They are shown under “profits or expenses from financial transactions a) securities.” Differences from name-to-follow transactions are shown here under the sub-item d).

Other operating profits

Of the “other operating profits” amounting to 2,241,000 €, 1,641,000 € relate to income and the partial result from the partial sale of Berliner Effektenbeteiligungsgesellschaft AG, with 670,000 € on cost charge-outs and with 179,000 € on the release of provisions and accruals.

Other administrative expenses

“Other administrative expenses” comprise especially expenditure for news and information services, stock exchange fees, legal and consultancy fees and costs of stock exchange services.

Other operating expenses

“Other operating expenses” in the amount of 1,039,000 € are due mainly to trade tax charge-outs of the Berliner Effektengesellschaft AG which are to be paid back.

Write-offs and value adjustments on participatory investments

On December 31, 2001, value adjustments occurred particularly with regard to the interests held in Consors Discount-Broker AG. 45,931,000 € of write-offs on participatory investments relate to the 841,021 stocks of the parent company, held by the Group.

Taxes

The “income and profit taxes” relate to the profits due to the release of tax accruals for previous business years. We did not establish a deferred tax item due to the net loss.

E. OTHER INFORMATION

Forward transactions

During the business year there were no transactions for own account in a contract subject to a price risk.

There were no forward transactions outstanding at the balance sheet date.

Other financial commitments

The Group has obligations of 1,704,000 € from rental, leasing and servicing contracts. They relate mainly to rental contracts for office premises. Berliner Freiverkehr (Aktien) AG has taken up guarantee lines from various banks. The total amount is 9,283,000 €. Above all, they serve as collateral pursuant to the Börsengesetz (BörsG) – (Stock Exchange Law), for the risks arising from the processing of name-to-follow transactions and from price differences. We have pledged balances and securities with a value of 4,783,000 € for the guarantee lines. In addition, the Berliner Freiverkehr (Aktien) AG has mortgaged a bank balance amounting to 1.2 million US-\$, approximately 1.4 million €, for the liabilities of a company in the US.

Interests held

The following information relates to December 31, 2001, or the business year 2001, unless otherwise specified.

Affiliated company included in the Group financial statements:

Berliner Freiverkehr (Aktien) AG, Berlin

Nominal capital:	23,000,000.00 €
Interests held: 100.0%	23,000,000.00 €
Stockholders' equity:	37,174,397.10 €
Net income:	- 13,722,451.48 €

The associated companies are:

Ventegis Capital AG, Berlin

(formerly Cybermind AG, Berlin)

Nominal capital:	12,608,455.00 €
Interests held: 37.3%	4,698,071.00 €
Stockholders' equity (provisional):	12,670,723.17 €
Net income (provisional):	- 7,330,198.94 €

Online Securities Holding Inc., Delaware, USA

Nominal capital:	215,025.52 US-\$
Interests held: 28.0%	60,303.03 US-\$
Stockholders' equity as of December 31, 2000:	3,016,525.00 US-\$
Net income 2000:	- 2,080,701.00 US-\$

The associated company Online Securities Holding Inc. is of subordinate importance for the Group financial statements. If included in the annual financial statements, it would not have any substantial impact because of its balance sheet totals and results. The participatory investment was adjusted in value to 50.0%.

Employees

The number of employees has developed as follows:

	Female	Male	Total
Average of the year			
Board members	1.0	3.5	4.5
Traders	10.8	30.5	41.3
Other employees	15.5	16.0	31.5
Maternity regulations	0.5	0.0	0.5
Student trainees	1.8	14.8	16.6
Total	29.6	64.8	94.4
off which part-time employees (number of persons)	5.3	16.3	21.6
off which part-time employees (equal to full-time employees)	2.6	7.7	10.3
As of December 31, 2001			
Board members	1.0	3.0	4.0
Traders	9.0	30.0	39.0
Other employees	16.0	18.0	34.0
Maternity regulations	1.0	0.0	1.0
Student trainees	1.0	13.0	14.0
Total	28.0	64.0	92.0
off which part-time employees (number of persons)	5.0	15.0	20.0
off which part-time employees (equal to full-time employees)	2.4	5.3	7.7

CORPORATE BODIES OF BERLINER EFFEKTENGESELLSCHAFT AG

(as of December 31, 2001)

Members of the Board

Dr. Jörg Franke, Frankfurt/Main,
Chairman
(since February 1, 2001)

Member of the Supervisory Board:

Mummert + Partner Unternehmensberatung AG, Hamburg
(from September 2001)

RTS Realtime Systems (Deutschland) AG, Frankfurt/Main
(from December 2001)

Member of the Board:

Fresco S.A., Luxemburg
(from December 2001)

Non Executive member of the Board:

Nasdaq Europe S.A., Brussels, Belgium/
London, UK
(from December 2001)

Dr. Wolfgang Janka, Berlin
(until July 3, 2001)

Member of the Board of

Berliner Effektenbeteiligungsgesellschaft AG, Berlin
(until August 15, 2001)

Member of the Board of

Consors Capital Bank AG, Frankfurt/Main
(until March 31, 2001)

Chairman of the Supervisory Board:

COR AG Insurance Technologies,
Leinfelden-Echterdingen
(from June 2001)

FBBI Free Zone Berlin-Brandenburg International AG, Berlin

Member of the Supervisory Board:

InfoGenie Europe AG, Berlin

Holger Timm, Berlin,
Chairman

Chairman of the Board of

Berliner Freiverkehr (Aktien) AG, Berlin

Member of the Board of

Berliner Effektenbeteiligungsgesellschaft AG, Berlin
(until August 15, 2001)

Chairman of the Supervisory Board:

Ventegis Capital AG, Berlin

Member of the Supervisory Board:

Consors Capital Bank AG, Frankfurt/Main
EuroChange AG, Berlin

Member of the Board:

Ladenburg Thalmann & Co. Inc., New York, USA

Members of the Supervisory Board

André Dujardin, Berlin,
entrepreneur

Carl-Thomas Epping, Hamburg,
entrepreneur
(until April 24, 2001)

Deputy Chairman of the Supervisory Board:

Geco AG, Hamburg

Member of the Supervisory Board:

CDRB Holding AG, Dusseldorf
Qualimedica AG, Cologne

Dr. Reto Francioni, Hof/Saale,
Chairman of the Board of
Consors Discount-Broker AG, Hof/Saale
Chairman
(since January 29, 2001)

Chairman of the Supervisory Board:

Consors Capital Bank AG, Frankfurt/Main

Member of the Supervisory Board:

Conrad Holding GmbH, Hirschau
Consors España S.V., S.A., Madrid, Spain
Consors ONline Broker SIM S.p.A., Milan, Italy
Consors (Schweiz) AG, Zurich, Switzerland
ONBanca S.p.A., Milan, Italy

Wolfgang Hermanni, Berlin,
businessman
(Chairman until January 28, 2001)
Deputy Chairman
(since January 29, 2001)

Chairman of the Supervisory Board:

Berliner Freiverkehr (Aktien) AG, Berlin
EuroChange AG, Berlin

Member of the Supervisory Board:

Ventegis Capital AG, Berlin

Dr. Andor Koritz, Berlin,
lawyer
(since May 11, 2001)

Member of the Supervisory Board:

Berliner Freiverkehr (Aktien) AG, Berlin

Detlef Prinz, Berlin,
entrepreneur

Member of the Supervisory Board:

Messe Berlin GmbH, Berlin
(from September 2001)

Dr. Günter Rexrodt, Berlin,
member of the Bundestag (Lower House), former
Federal Minister for Economics

Chairman of the Supervisory Board:

AGIV AG, Frankfurt/Main
(from July 2001)

Member of the Supervisory Board:

AWD AG, Hannover
DTZ Zadelhoff Holding GmbH, Frankfurt/Main
Euro Ratings AG, Frankfurt/Main
Landaumedia AG, Berlin

Member of the Board:

Skandia AB, Stockholm, Sweden

Remuneration of members of corporate bodies of Berliner Effektengesellschaft AG

The members of the Board received for their activity for Berliner Effektengesellschaft AG and its subsidiaries remuneration in the amount of 1,333,000 €. The remuneration of the members of the Supervisory Board was 79,000 €.

Group segment reporting

The Group segment reporting following was drawn up according to Deutscher Rechnungslegungsstandard Nr. 3 (German Accounting Standard Number 3) in conjunction with Deutscher Rechnungslegungsstandard Nr. 3-10 (German Accounting Standard Number 3-10), which contains supplementary regulations for banks. In the years 2000 and 2001, the Berliner Effektengesellschaft AG Group has changed considerably. Two of the three operatively active companies are no longer subsidiaries. Due to the changes in the scope of consolidation, a reorganization of the segments became necessary. The stockbrokerage business that is run by the Berliner Freiverkehr (Aktien) AG is one of these segments. The banking transactions are operated by Consors Capital Bank AG, which, as of 2001, for the first time is no longer included in the consolidated annual financial statements. The provision of venture capital was offered by the Berliner Effektenbeteiligungsgesellschaft AG. This was included in the Group financial statements until April 27, 2001, in the scope of full consolidation. As a result of the at equity consolidation, outside stockholders' shares have been retired, so that now the consolidated financial statements only contain the interest of the Berliner Effektengesellschaft AG in the Beteiligungsgesellschaft's income statement. The Ventegis Capital AG, into which the Berliner Effektenbeteiligungsgesellschaft AG has merged is only included in the consolidated annual financial statements at equity. Berliner Effektengesellschaft AG supports the subsidiaries in meeting their business goals and external requirements. Besides the profits from participatory investments and the tax charge-outs which must be eliminated from the Group result as part of the consolidation, only interest profits are obtained here from the placement of liquid funds. In the bridge, the consolidation items are shown alongside the totals of the segments to give the Group figures.

GROUP SEGMENT REPORTING

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

	Group management		Stockbrokerage business		Private banking/ Corporate finance		Venture capital	
	in '000 € 2001	in '000 € 2000	in '000 € 2001	in '000 € 2000	in '000 € 2001	in '000 € 2000	in '000 € 2001	in '000 € 2000
Interest income	1,370	58,245	1,168	1,399	-	400	- 7	11
Result from associated companies	-	-	-	-	-	-	-	-
Commission income	- 6	- 4	9,248	24,661	-	2,239	- 9	- 260
Result from financial transactions	- 2	-	4,919	52,571	-	1,891	- 362	1,511
Total	1,362	58,241	15,335	78,631	-	4,530	- 378	1,262
General administrative expenses (including write-offs)	- 3,049	- 3,460	- 13,165	- 18,111	-	- 2,473	- 151	- 1,350
Other expenses/profits	- 652	- 22,589	848	479	-	43	4	11
Result before provision for risks	- 2,339	32,192	3,018	60,999	-	2,100	- 525	- 77
Total provision for risks	- 7,898	- 43	- 131	- 1,641	-	- 1,048	228	7,492
Result after provision for risks	- 10,237	32,149	2,887	59,358	-	1,052	- 297	7,415
Segment assets	24,651	35,837	22,465	45,638	-	-	-	5,799
Cash reserve assets	-	1	-	2	-	-	-	-
Receivables from banks	24,651	35,836	22,206	43,772	-	-	-	2,979
Receivables from customers	-	-	101	258	-	-	-	739
Trading assets	-	-	158	1,606	-	-	-	2,081
Segment liabilities	-	-	272	731	-	-	-	-
Liabilities to banks	-	-	75	142	-	-	-	-
Liabilities to customers	-	-	197	584	-	-	-	-
Securitized liabilities	-	-	-	-	-	-	-	-
Trading liabilities	-	-	-	5	-	-	-	-
Risk positions	90,968	104,736	25,952	24,294	-	-	-	27,097
Risk assets	88,105	104,475	14,714	15,456	-	-	-	9,122
Market risk positions	2,863	261	11,238	8,838	-	-	-	17,975
Equity capital (without retained earnings)	150,455	146,778	37,174	32,897	-	-	-	6,139
Average number of employees	9.0	7.0	86.2	73.0	-	-	-	-
Return on allocated capital	- 6.8%	21.9%	7.8%	180.4%	0.0%	0.0%	0.0%	120.8%
Expenses/profit ratio	429.4%	9.7%	81.4%	22.9%	0.0%	54.1%	- 40.4%	106.0%

Return = Result after provision for risks/equity capital

	Total		Consolidation items		Group	
	in '000 € 2001	in '000 € 2000	in '000 € 2001	in '000 € 2000	in '000 € 2001	in '000 € 2000
	2,531	60,055	-	- 53,716	2,531	6,339
	-	-	- 2,372	-	- 2,372	-
	9,233	26,636	-	-	9,233	26,636
	4,555	55,973	-	-	4,555	55,973
	16,319	142,664	- 2,372	- 53,716	13,947	88,948
	- 16,365	- 25,394	- 581	- 1,486	- 16,946	- 26,880
	200	- 22,056	1,001	24,880	1,201	2,824
	154	95,214	- 1,952	- 30,322	- 1,798	64,892
	- 7,801	4,760	-	-	- 7,801	4,760
	- 7,647	99,974	- 1,952	- 30,322	- 9,599	69,652
	47,116	87,274	-	-	47,116	87,274
	-	3	-	-	-	3
	46,857	82,587	-	-	46,857	82,587
	101	997	-	-	101	997
	158	3,687	-	-	158	3,687
	272	731	-	-	272	731
	75	142	-	-	75	142
	197	584	-	-	197	584
	-	-	-	-	-	-
	-	5	-	-	-	5
	116,920	156,127	- 124	- 43,100	116,796	113,027
	102,819	129,053	- 124	- 43,100	102,695	85,953
	14,101	27,074	-	-	14,101	27,074
	187,629	185,814	- 68,903	- 9,426	118,726	176,388
	95.2	80.0	-	- 1.0	95.2	79.0
	- 4.1%	53.8%	2.8%	321.7%	- 8.1%	39.5%

Group cash flow statement

The Group cash flow statement following was drawn up according to Deutscher Rechnungslegungsstandard Nr. 2 (German Accounting Standard Number 2) in conjunction with Deutscher Rechnungslegungsstandard Nr. 2-10 (German Accounting Standard Number 2-10), which contains supplementary regulations for banks. The Group cash flow statement contains the payment flows of Berliner Effektenbeteiligungsgesellschaft AG for the period from January 1, 2001, to April 27, 2001. On account of the activities of the companies in the Group, cash and cash equivalents contain the cash balances of all companies, the balances held at the Deutsche Bundesbank (Federal Bank of Germany) and the balances due daily, held at banks, by Berliner Effektengesellschaft AG, Berliner Freiverkehr (Aktien) AG and Berliner Effektenbeteiligungsgesellschaft AG. As Berliner Effektenbeteiligungsgesellschaft AG ceased to be consolidated at April 27, 2001, cash holdings are reduced by the amounts held by that company. The cash flow from operating activities includes the changes in the overnight funds and fixed-term deposits of Berliner Effektengesellschaft AG, Berliner Freiverkehr (Aktien) AG and of Berliner Effektenbeteiligungsgesellschaft AG. At the balance sheet date, there were overnight funds amounting to 2.9 million € and fixed-term deposits totalling 38.2 million €. Minority stakeholders have not made any capital contributions. They did not receive any distributions. The Group cash flow statement does not include the increases in the participatory investment in Online Securities Holding Inc. and, the participatory investment in Ventegis Capital AG is only partly included. The new interests in Online Securities Holding Inc. are the result of conversion of a loan to stockholders' equity. In the course of the merger with the Cybermind AG, the interests in Berliner Effektenbeteiligungsgesellschaft AG were exchanged for stocks of that company. This is a non-cash event in terms of the cash flow statement. There were no other non-cash events of significance in 2001.

Berlin, February 22, 2002

Berliner Effektengesellschaft AG

Holger Timm

Dr. Jörg Franke

GROUP CASH FLOW STATEMENT

BERLINER EFFEKTEGESELLSCHAFT AG, BERLIN

	in '000 € 2001	in '000 € 2000
Net income	- 58,093	50,140
Non-cash items contained in the net income, and reconciliation to the cash flow from operating activities	-	-
Write-offs, value adjustments and write-ups on tangible and financial assets	53,697	2,619
Changes in provisions and accruals	- 7,947	5,976
Change in non-cash items	11,006	- 8,625
Income/loss from the sale of financial and tangible assets	- 1,137	- 1,811
Other adjustments (balance)	172	- 4,449
Sub-total	- 2,302	43,850
Changes in net assets and liabilities from operating activities after correction for non-cash components	-	-
Receivables		
from banks	28,195	- 89,367
from customers	-	- 3,443
Securities (unless financial assets)	1,992	2,461
Other asset items from operating activities	- 9,850	4,367
Liabilities		
to banks	1,360	- 1,116
to customers	- 2	34,401
Securitized liabilities	-	-
Other liability items from operating activities	4,021	- 2,236
Extraordinary payments received	-	-
Extraordinary payments made	-	-
Cash flow from operating activities	23,414	- 11,083
including: Interest and dividends received	6,145	64,909
Interest paid	- 4	- 887
Payments of profit tax	- 28,004	- 35,028
Payments received from the sale of		
Financial assets	1,671	5,820
Tangible assets	10	148
Payments made for the purchase of		
Financial assets	- 9,891	- 2,101
Tangible assets	- 1,028	- 3,865
Effects from the change in the scope of consolidation		
Payments received from the sale of consolidated companies and other business units	-	-
Payments made for the acquisition of consolidated companies and other business units	-	-
Changes in funds from other investment activities (balance)	-	-
Cash flow from investment activities	- 9,238	2
Payments received from capital increases	1	35,718
Dividend payments	- 9,794	- 18,027
Purchase and sale of own stocks	- 10,143	- 4,217
Changes in funds from subordinated capital as well as other hybrid capital (balance)	-	-
Payments received from loans taken up	-	-
Payments made for the redemption of loans	-	- 1,275
Cash flow from financing activities	- 19,936	12,199
Cash holdings at end of the prior period	10,680	9,929
<i>of which cash reserve assets</i>	1,863	5,733
<i>of which receivables from banks due daily</i>	8,817	4,196
Cash flow from operating activities	23,414	- 11,083
Cash flow from investment activities	- 9,238	2
Cash flow from financing activities	- 19,936	12,199
Changes in cash and cash equivalents on account of exchange rates, scope of consolidation and valuation	- 1	- 367
Cash holdings at end of period	4,919	10,680
<i>of which cash reserve assets</i>	3	1,863
<i>of which receivables from banks due daily</i>	4,916	8,817

SUMMARIZED MANAGEMENT REPORT AND GROUP MANAGEMENT REPORT OF BERLINER EFFEKTENGESELLSCHAFT AG TO THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2001

1. GENERAL COMMENTS ON THE ECONOMIC ENVIRONMENT

The year 2001 was an extremely difficult one with regard to stock trading and all the related services and, the financial services sector had to face global turnover and income losses. The dramatic fall in stock prices in all relevant stock markets, up to 90.0% in the German growth stock market Neuer Markt, led to a considerable downturn in the number of transactions and, for instance, brought the IPO business of the investment banks to an almost complete standstill. In the areas of the company's business, there was a decrease of orders of 60.0% from January to the low in September. Only in October we did finally see the return of a positive trend. The now considerably reduced liquidity in the stock markets is clearly visible and spread out throughout numerous domestic and international stock exchanges as well as on off-the-floor trading platforms. However the entrance requirements for additional competitors in all sectors have been significantly raised and a swift market consolidation may be expected. Positive effects of this upcoming consolidation will only become visible during the next financial year. The poor background has however reduced the pressure on any kind of profit margins or fees, as no market participant is currently in the position to act profitably without considerably reducing their own expenses at the same time. Thus the individual companies are trying to stabilize their current stock of customers and to reduce their general administrative expenses, especially those for personnel. A further reduction in fees currently neither guarantees winning any new customers, nor capturing them from competitors.

2. FURTHER REORGANIZATION OF THE BERLINER EFFEKTENGESELLSCHAFT AG GROUP

The reorganization of the Group continued during the past business year. Capital increases meant that the interests held by the Berliner Effekten-gesellschaft AG, Berlin, in Consors Capital Bank AG, Frankfurt/Main, were reduced to 15.3%. However on the other hand Consors Discount-Broker AG, Hof/Saale, increased its direct interests in the bank to 61.2%. In April, the Berliner Effektenbeteiligungsgesellschaft AG merged with

the now Ventegis Capital AG, listed on the OTC market. Further purchases of stocks in Ventegis Capital AG and the realization of a cash capital increase, guaranteed by the Berliner Effekten-gesellschaft AG, mean that the company now holds a participatory ratio of 37.3%. As the company only has an authoritative influence on Ventegis Capital AG, there will not be a full but only an at equity consolidation.

3. COURSE OF BUSINESS

a) Berliner Effektengesellschaft AG

The financial statements of Berliner Effektengesellschaft AG are substantially influenced by the distributions of the subsidiaries and the participatory investments. The net income of the company for the year 2001 amounts to - 14,366,000 € (prior year: 18,594,000 €). On the one hand this is due to missing profits from participatory investments and on the other hand due to the 13,255,000 € which were written off on participatory investments and own stocks. The additional acquisition of own stocks requires an allocation to the corresponding reserves, which explains the retained earnings of - 17,252,000 €. The investment portfolio of the Berliner Effektengesellschaft AG was rearranged. The participatory investments in Ladenburg Thalmann & Co. Inc. were exchanged for interests in the listed Ladenburg Thalmann Financial Services Inc. The company received a cash settlement as well as a convertible promissory note from Ladenburg Thalmann Financial Services Inc. within the scope of this transaction. Within the scope of the mentioned merger, the stocks in the Berliner Effektenbeteiligungsgesellschaft AG were also exchanged for stocks in Cybermind AG. A new participatory investment occurred in Nasdaq Europe S.A., Brussels/London. The purpose of this participatory investment is to support the trading activities of the Berliner Freiverkehr (Aktien) AG. The existing participatory investments in Online Securities Holding Inc. and First Quote Inc. were partially, respectively completely written off. The reason for this was the negative developments in the operative business of these companies, which were also visible in their figures. The development of the course of business, did not require any stockholders' equity measures during the past business year. The new interests held in Nasdaq Europe S.A.

could also be financed with the existing funds. The bonus warrants issued in 1999 provided entitlement in July 2001 to a subscription of stocks for the last time. Although the price on the transaction date was lower than the issue price, 31 stocks were subscribed. The balance sheet totals for the business year was reduced to 140,779,000 €; as the subsidiary did not activate any dividends on December 31, 2001. The stockholders' equity ratio is now 94.4%, it had been 97.3% in the previous year.

b) Berliner Freiverkehr (Aktien) AG

The company, which forms the core of the Group remains an exclusive market specialist, mainly at the Berlin Stock Exchange (approximately 6,000 orderbooks) and the Frankfurt Stock Exchange (approximately 600 orderbooks). In addition, the company has a stock exchange trading license in Dusseldorf, Munich and Stuttgart and functions as a so-called designated sponsor at the electronic trading system Xetra and as a liquidity provider at the Newex. As these functions as designated sponsor and liquidity provider are not profitable and use up internal human and technical resources, all Xetra contracts and the corresponding Newex agreements were terminated, taking into consideration the interests of the involved companies, and partly abiding to existing interim periods. In spite of the initiative for a retail-stock exchange with an open orderbook, the Berlin orderbooks were faced with dramatic order cuts. As a result the company planned and supported a cooperation agreement between Nasdaq Europe S.A. and the Berliner Börse AG. The Board of the Berliner Freiverkehr (Aktien) AG hopes to achieve a revival of trading in US stocks, a field in which the company is specialized, as a result of the cooperation. The off-floor information and trading system, TradeGate® was continually further developed during the course of the entire financial year and is now operated on weekdays from 8.00 a.m. to 10.00 p.m. Besides Consors Discount-Broker AG, numerous other market participants were also approached, who showed a general interest in a technical connection. At Consors Discount-Broker AG itself, a new front end will be in operation as of early 2002 and will enable customers to make easy use of TradeGate® when ordering and allow for immediate execution at attractive conditions. Following the extremely successful business year

2000, the company had been prepared for a slightly lesser result in the previous business year. However the actual developments fell very short of the expectations. Following last year's annual net income, this year's amounted to - 13,722,000 €. This is however due to a write-off on Consors stocks which amounted to 16,364,000 €. The company also continued to operate profitably in this difficult capital market environment. Due to the release of the reserves for stocks in a controlling company, retained earnings of 2,642,000 € remain which may be used for the allocation to the revenue reserves.

c) Berliner Effektenbeteiligungsgesellschaft AG/ Ventegis Capital AG

The venture capital business was confronted with a number of difficulties in its developments. As in addition to the developments in 2000, the building up of own organizational structures had become necessary, it was decided to merge with the former Cybermind AG, who was also operating in the same field of business, to become today's Ventegis Capital AG. Furthermore, the minority stakes held in a now listed company, now provide the Berliner Effektengesellschaft AG with a number of mid-to-long-term perspectives on how to realize hidden reserves tax-free, due to new fiscal requirements. The generally difficult environment in the capital market and particularly in the venture capital sector is reflected in the forecast result of the Ventegis Capital AG for the year 2001. In consequence of the value adjustments to the investment portfolio, a net income amounting to approximately - 7,300,000 € has been forecast.

4. RISK REPORT

The management and the current supervision of the company relevant risks are a foundation for the success of the Berliner Effektengesellschaft AG Group. The increasing demands require the continuous further developments in the configuration of the risk management and risk supervision procedures, particularly in the companies themselves. The business activities of the Group are especially marked by market price and operational risks.

Market price risks arise from changes in stock prices or in currency and interest rates, which result in a change of value of the financial instruments within the portfolio. In the Group, market price risks due to fluctuations in the prices for OTC stocks are of relevance. Since these include many foreign stocks, the developments in the home markets and fluctuations of the € against the home currencies, primarily the USA and the US-\$, play an important role. The project, which started in 2000, to control these risks by installing a software to calculate the risks from trading items and to supervise the limit structure, has been successfully implemented. All the test had been successfully run by the end of the year. The Berliner Freiverkehr (Aktien) AG is bound by the provisions of the Gesetz über das Kreditwesen (KWG) – (Banking Law) and by the resolutions which have been passed by the banking supervision. In this context the provisions of the Grundsätze (Principles) should also be observed. In the year 2001 the utilization of Grundsatz I remained well within the statutory values. The stockholders' equity, which places the liable equity capital within the framework of the KWG in relation to the risk assets, varied between 297.5% and 55.9%. The overall figure places the calculable liable capital funds which correspond with our liable equity capital, in relation to the risk positions. The figures varied between 188.9% and 36.2%. As the Group is a part of the SchmidtBank Group, the according provisions for institute groups on the level of the Berliner Effektengesellschaft AG Group were not applicable.

The operational risks are the result of internal procedures in company operations. They may arise as a result of erroneous procedures, inadequate controlling or external events. In order to assess these risks, an arrangement was drawn up, which simultaneously makes a forecast on high/low probability and the probable amount of damage. In addition the risks that arise from extensive use of EDP and the preventive measures which have already been taken have also been compiled, as well as the risks from the perspective of the Group. This compilation is currently also being put together for other departments. In addition it is being discussed which events of damage that have already occurred should be stored in a database. The current focus of the discussion is on the data which should be stored and the

assessment of the level of damage.

Besides this, risks of counterparty defaults and liquidity risks, which have to be monitored with adequate measures also exist. The receivables exist mainly from liquidity investments at banks and to participants in stock exchange trading from courtages and differences from name-to-follow transactions. The supervision of the risk of counterparty default is thus limited to the selection of the institute, at which the investment is to occur. The liquidity risk is relevant both to, the markedness of solvency at all times and the market liquidity risk. The solvency of companies that belong to the Group is ensured by the regular planning of the budget and its current supervision. The liquidity of markets, particularly for stocks, is taken into consideration in the selection of orderbooks and the according limitations of Berliner Freiverkehr (Aktien) AG.

5. DECLARATION PURSUANT TO SECTION 312 AKTG

According to Section 312 AktG, the Board of Berliner Effektengesellschaft AG has submitted a report on the relationships with affiliated companies for the year 2001. The final declaration of this report is:

“Apart from the legal transactions and measures stated above, no legal transactions were undertaken in the period under review, nor were any measures known which would have to be reported. The Board of Berliner Effektengesellschaft AG, Berlin, declares, in accordance with Section 312 AktG, that for each legal transaction with the controlling company and the companies affiliated with the controlling company, and for each measure taken or refrained from in their interest, the company received an appropriate consideration. The judgment was made in each case on the basis of the circumstances at the time the legal transaction was concluded or the measure taken or refrained from.”

6. OUTLOOK

For the coming business year the company expects a stabilization at a low level in its core field of business. From the second quarter onwards, new sources of profit will become available due to the activities at Nasdaq Europe

S.A. and a more intensive utilization of the information and trading system, TradeGate®.

With regard to stockbrokers and particularly to exclusive market specialists, consolidation may be expected for the coming year. Thus the company that is operating in this field of business, will probably be able to enhance its position as a market leader in the area of market making and being an exclusive market specialist. The fact that the SchmidtBank GmbH & Co. KGaA, the majority shareholder in Consors Discount-Broker AG, has been taken over by a consortium of banks, which includes all the major competitors of Consors Discount-Broker AG could lead to a problematic situation and will result in the sale of the company. If a new majority shareholder, who accepts and supports the integrated business concept of Consors Discount-Broker AG and Berliner Effektengesellschaft AG is found, this could result in fast positive effects in the form of an increase in orders. If however the potential buyer has his own trading resources as a market maker, then the company would have to seek a divestiture of the currently held majority interests by Consors Discount-Broker AG.

Berlin, February 22, 2002

Berliner Effektengesellschaft AG

Holger Timm

Dr. Jörg Franke

AUDITORS' REPORT

We have audited the consolidated annual financial statements of Berliner Effektengesellschaft AG and the summarized management report and the Group management report for the business year from January 1, 2001, to December 31, 2001. The preparation of the consolidated annual financial statements and the Group management report in accordance with the German commercial laws' provisions are the responsibility of the company's legal representatives. Our responsibility is to express an opinion, based on our audit, on the consolidated annual financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated annual financial statements in accordance with Section 317 HGB and the generally accepted German Standards for audits of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) – (Institute of Accountants). Those standards require that we plan and perform the audit such that material misstatements affecting the presentation of the net assets, financial position and results of operations in the consolidated annual financial statements, in accordance with generally accepted principles of accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements have been taken into account in the determination of audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated annual financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated annual financial statements, the eligibility of the companies for consolidation, the scope of the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated annual financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated annual financial statements give a true and fair view of the Group's net assets, financial position and results of operations, in accordance with generally accepted principles of accounting. On the whole, the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development.

Frankfurt/Main, March 11, 2002
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Zinnhardt
Wirtschaftsprüfer
(Accountant)

Mende
Wirtschaftsprüfer
(Accountant)

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board was kept extensively informed by the Berliner Effektengesellschaft AG, on the development of the Group and its companies in the 2001 business year, occurring in five meetings and including written and oral reports. A variety of important business issues of both a general and particular nature were discussed and decided upon after having been elaborately treated, three resolutions were passed between meetings. The Supervisory Board fulfilled all its incumbent duties as required by the Aktiengesetz (AktG) – (Stock Corporation Act) and the articles of association.

The discussions were centered on the economic position of the company, its future prospects, its strategic orientation in a market and competition environment that is undergoing major changes and, on the reorganization of its investment portfolio.

The members of the Supervisory Board took care that the Board of the company took the suitable measures and is running a supervision system such that any developments endangering the continuation of the company be recognized early (Section 91 Subsection 2 AktG). In its function as a financial holding, the company has an efficient controlling system at its disposal and compiles monthly consolidated figures of comparison. The supervision of risks was particularly improved at the 100.0% operative subsidiary Berliner Freiverkehr (Aktien) AG, where, even more, an

independent internal auditor was brought in. In the opinion of the Supervisory Board, the existing risk supervision system fulfils all the statutory requirements and is capable of enabling the Supervisory Board to contemporarily carry out its supervision obligations.

In the scope of the structural reorganization of the Group, Mr. Carl-Thomas Epping resigned from his seat on the Supervisory Board in a letter dated April 24, 2001, and, by resolution of the Local Court of Berlin-Charlottenburg on May 11, 2001, Dr. Andor Koritz was appointed as a replacing member. At the shareholders' meeting on July 3, 2001, the new members who had been appointed by resolution of the Local Court of Berlin-Charlottenburg, Dr. Reto Francioni and Dr. Andor Koritz, were elected to the Supervisory Board.

The Supervisory Board would like to thank Mr. Epping for the services during the past years, his expert advice and his commitment to the Berliner Effektengesellschaft AG. The same applies to Dr. Reto Francioni, who resigned from his seat as Chairman of the Supervisory Board on February 19, 2002, following his withdrawal from the Board of the Consors Discount-Broker AG. As the Supervisory Board of the Berliner Effektengesellschaft AG is still fully functional and still constitutes a quorum with its five remaining members, the Board shall not move to appoint a new member at the Local Court for at least three months, in accordance with Section 104 Subsection 2 AktG.

As Deputy Chairman, Mr. Wolfgang Hermanni was in charge of all Supervisory Board's matters until a new Chairman was elected by the Supervisory Board. At its meeting on March 21, 2002, Mr. Hermanni was elected Chairman of the Supervisory Board, Dr. Andor Koritz was appointed Deputy Chairman.

Dr. Jörg Franke has been appointed to the Board of the Berliner Effektengesellschaft AG by the Supervisory Board, with effect from February 1, 2001. In a letter dated June 30, 2001, and with effect from the shareholders' meeting on July 3, 2001, Dr. Wolfgang Janka resigned from his seat as a Board member of the Berliner Effektengesellschaft AG at his own request. Dr. Jörg Franke and Holger Timm now function as joint Chairmen of the Board and form the entire company's Board.

The annual financial statements for the 2001 business year, including the accounting and the management report, all compiled by the Board in accordance with the provisions of the Handelsgesetzbuch (HGB) – (German Commercial Code) and the Aktiengesetz (AktG) – (Stock Corporation Act), was examined and certified with an unqualified audit opinion by BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Kurfürstendamm 182-183, 10707 Berlin, who had been appointed at the shareholders' meeting on July 3, 2001. The Supervisory Board in turn examined the annual financial statements and the management report and both were discussed

and endorsed with the Board and the external auditor at the meeting on March 21, 2002, thus the annual financial statements have been officially approved. We are in agreement with the Board on their proposal for the application of retained earnings.

The Board also submitted to the Supervisory Board the consolidated financial statements and the Group management report, for the year 2001, both compiled in accordance with the provisions of the Handelsgesetzbuch (HGB) – (German Commercial Code) and the Aktiengesetz (AktG) – (Stock Corporation Act), and, in addition to that, the audit report issued with the unqualified audit opinion of the external auditors of the Group, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Kurfürstendamm 182-183, 10707 Berlin, who had been appointed at the shareholders' meeting on July 3, 2001.

The Supervisory Board examined the consolidated financial statements and the Group management report and they were discussed and approved with the Board and the external auditor at the meeting on March, 21, 2002.

Berlin, March 21, 2002



Wolfgang Hermanni
Chairman of the Supervisory Board



IMPRINT

References:

„Dauerhafte Beziehungen,“
published by Foreigners Commission of the Berlin Senate, Berlin 1995

„Der Berlin-Appeal,“
published by Media and Information Services of the Berlin State, Berlin 1983

„Deutsche im Schmelztiegel der USA,“
published by Foreigners Commission of the Berlin Senate, Berlin 1994

„Geo Epoche, Der 11. September 2001,“
published by Gruner + Jahr AG & Co, Hamburg 2001

„Pioniere der Luftbrücke,“
published by AlliiertenMuseum (AlliedMuseum) Berlin, Berlin 1998

„Preußen, Chronik eines deutschen Staates,“
published by Wolfgang Ribbe and Hansjürgen Rosenbauer, Berlin 2000

„Uncle Sam und die Deutschen,“
published by Verlag Bonn Aktuell, Munich 1995

We would like to thank the following for their kind support:

Dr. Andrea Mehrländer, Checkpoint Charlie Stiftung (Checkpoint Charlie Foundation),
Wolfensteindamm 9, 12165 Berlin

Mrs. Renate Semler, Amerika-Haus (American Center), Hardenbergstraße 22-24, 10623 Berlin

Mr. Holger Kurth, Wunschbuchhandlung, Reichsstraße 103, 14052 Berlin

Picture on page 5:

Udo Hesse, Berlin

The following terms we used synonymously:

America/American, North America/North American, USA, United States of America,
United States, the abbreviation “US“

England/English, Great Britain/British, United Kingdom

Russia/Russian, Soviet Union/Soviet

Federal Republic/Federal Republic of Germany

We used the acronym “Nasdaq” instead of the term “The Nasdaq Stock Market®“

Idea/text pages 5-32, yearbook 2001/editing:

Mrs. Christa Scholl, Berliner Effektengesellschaft AG

Design and production:

ADDEDVALUE, Berlin

Date of printing:

April 22, 2002

All rights reserved. Reproduction and copying may only occur with the permission of the publisher:
Berliner Effektengesellschaft AG, Kurfürstendamm 119, 10711 Berlin

Please consider,

- that the German version of the Annual Report 2001 is the authoritative one,
- given details about time refer to c.e.t.,
- that, in Germany, the term “Börse” mostly is a fix component of the domestic stock exchanges’ name. Actually, “Börse” is the German word for the English “stock exchange”

BERLINER EFFEKTENGESELLSCHAFT AG

Kurfürstendamm 119
D-10711 Berlin
Telephone: +49 (0)30-890 21-100
Fax: +49 (0)30-890 21-199

Internet:
www.effektengesellschaft.de
E-mail:
info@effektengesellschaft.de

Branch:
Goethestraße 13
D-60313 Frankfurt/Main
Telephone: +49 (0)69-913 324-10
Fax: +49 (0)69-913 324-19

BERLINER FREIVERKEHR (AKTIEN) AG

Kurfürstendamm 119
D-10711 Berlin
Telephone: +49 (0)30-890 21-100
Fax: +49 (0)30-890 21-199

Internet:
www.effektengesellschaft.de
www.tradegate.de
E-mail:
info@effektengesellschaft.de
info@freiverkehr.de
info@tradegate.de

Branch:
Goethestraße 13
D-60313 Frankfurt/Main
Telephone: +49 (0)69-913 324-0
Fax: +49 (0)69-913 324-33

