

1,433 in Switzerland

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 orf Lumimart – Altstätten SG – Ambri – Amriswil – Amriswil EPA – Amriswil Interdiscount – Amriswil Pronto Tankstelle – Andermatt – Anzère – Appenzell – Arbon – Arbon
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 Bau+Hobby – Langenthal Toptip – Langenthal Import Parfumerie – Langenthal Interdiscount XXL – Langenthal Tankstelle – Langnau am Albis – Langnau im Emmental
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 Les Breuleux – Les Diablerets – Leysin – Leytron – Liestal – Liestal Pronto – Littau – Locarno Piazza Grande – Locarno Saleggi – Losone – Losone Interdiscount – Lostallo
 – Luzern Löwencenter – Luzern Hubelmatt – Luzern Kasernenplatz – Luzern Schlossberg – Luzern Winkelried – Luzern Coop City – Luzern Import Parfumerie Hertenstein
 discount – Madiswil – Magden – Maggia – Malters – Malvaglia – Männedorf – Marin-Epagnier Interdiscount – Marin-Epagnier Pronto station-service – Marly – Martigny
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 n Bau+Hobby – Münsingen Toptip – Münster VS – Muralto Interdiscount – Murgenthal – Murgenthal Pronto Tankstelle – Muri AG – Muri AG Tankstelle – Müren – Murten
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 nt – Olten Bifang – Olten Wilerfeld – Olten Coop City – Olten EPA – Olten Interdiscount Baslerstrasse – Olten Interdiscount Sälipark – Onex – Onex Brico+Loisirs – Orbe
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 hlieren Import Parfumerie – Schlieren Interdiscount – Schmitzen – Schöffland – Schönbühl – Schönbühl Interdiscount – Schönenwerd – Schönenwerd Bau+Hobby
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 unt – Sulgen – Sumiswald – Sursee – Sursee Interdiscount – Tafers – Tägerwilen – Täsch – Taverne – Tenero – Tenero Edile+Hobby – Tenero Import Parfumerie – Tenero
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 – Zürich Dörfli – Zürich Engimart – Zürich Fluntern – Zürich Grosswiesenstrasse – Zürich Grünau – Zürich Gutstrasse – Zürich Hofwiesenstrasse – Zürich Hohlstrasse
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 ankstelle Pfingstweid – Zürich Vitality Apotheke – Zurzach – Zweisimmen – Zwingen Bau+Hobby – Zwingen Toptip

The Coop Group at a glance

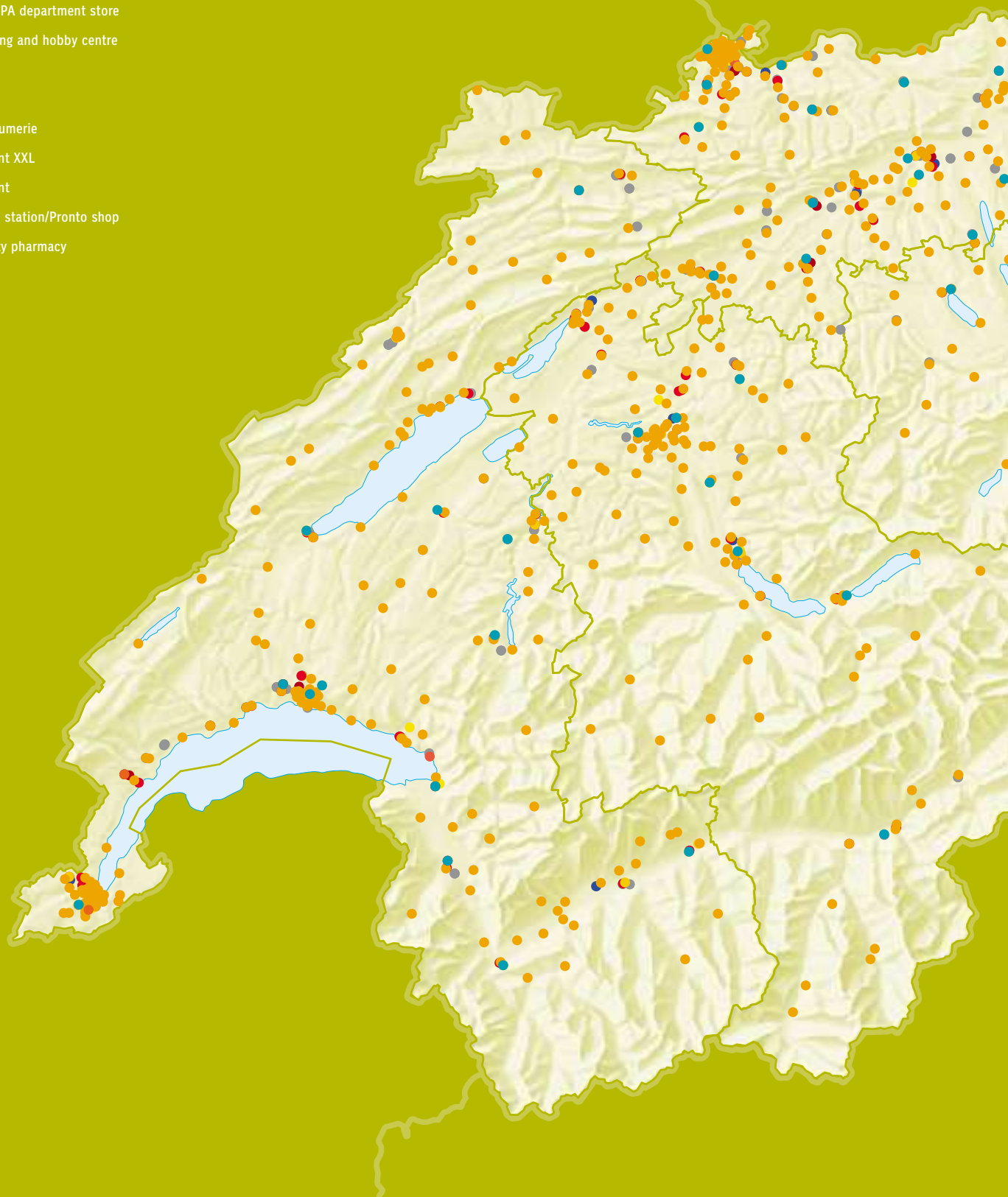
	2004	2003	Change		%
Key financial data consolidated (CHF m.)					
Retail trade turnover	13 983	14 396	-	413	- 2.9
Cash turnover/direct sales	14 866	15 222	-	356	- 2.3
Gross supplies of merchandise and services	16 539	16 672	-	134	- 0.8
Net sales	14 127	14 434	-	308	- 2.1
Operating cash flow (EBITDA)	1 171	1 177	-	6	- 0.5
Operating profit (EBIT)	491	531	-	40	- 7.5
Financial results	- 103	- 98	-	6	+ 5.8
Profit/loss for the financial year	320	341	-	21	- 6.2
Interest-bearing liabilities	4 360	4 448	-	88	- 2.0
Net financial debt	4 049	4 115	-	66	- 1.6
Equity incl. minority interests	4 264	3 930	+	334	+ 8.5
<i>Equity ratio in %</i>	<i>37.8</i>	<i>34.5</i>	+	<i>3.2</i>	<i>+ 9.4</i>
Total assets	11 290	11 385	-	95	- 0.8
Cash flow before changes in net current assets	905	849	+	56	+ 6.6
Cash flow from operating activities	481	864	-	383	- 44.3
Cash flow from investment activities	- 431	- 858	+	427	- 49.7
Cash flow from financial transactions	- 71	- 119	+	48	- 40.6
Personnel					
Employees	(on 31 December)	47 158	50 406	- 3 248	- 6.4
Full-time employees		39 292	41 249	- 1 957	- 4.7
Member households	(on 31 December)	2 323 602	2 250 740	+ 72 862	+ 3.2
Market shares (%)					
Basis: market volume acc. to BAK					
<i>Food</i>		<i>21.6</i>	<i>22.2</i>	- <i>0.6</i>	
<i>Nonfood</i>		<i>10.0</i>	<i>10.8</i>	- <i>0.8</i>	
<i>Coop Group</i>		<i>15.7</i>	<i>16.4</i>	- <i>0.7</i>	
Sales outlets					
Sales outlets	(on 31 December)	1 433	1 513	- 80	- 5.3
Sales area (m ²)	(on 31 December)	1 455 584	1 458 149	- 2 565	- 0.2
Cash turnover (CHF m.)		13 649	14 032	- 383	- 2.7

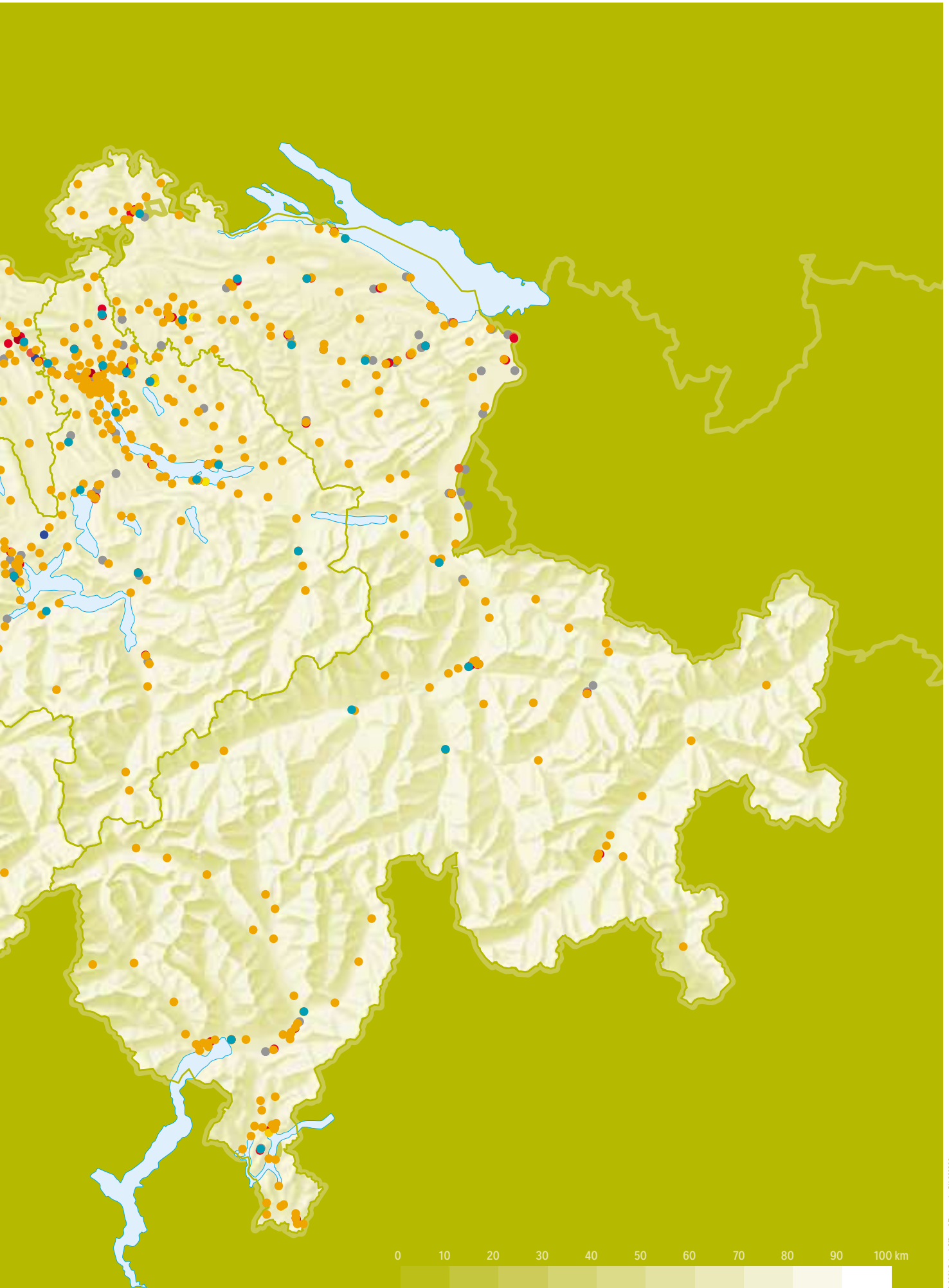
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Coop is always near by.

- Coop megastore
- Coop supermarket
- Coop City/EPA department store
- Coop building and hobby centre
- Toptip
- Lumimart
- Import Parfumerie
- Interdiscount XXL
- Interdiscount
- Coop petrol station/Pronto shop
- Coop Vitality pharmacy





Coop is always on top of things.





“CoopForte” on schedule

The “CoopForte” project, which was initiated in 2001 with the merger of 14 regional cooperative societies and Coop Switzerland to form one organization, is on course. Work on refurbishing all the supermarkets is on schedule. New sales formats are establishing themselves in the market. And implementation of the logistics strategy to boost efficiency will, with few exceptions, be completed next year.

With the realization of “CoopForte” we are now well equipped to address the challenges currently facing us in the retail sector.

Consolidation of growth phase

Coop has steadily improved its earnings and financial situation in the last few years. In view of the difficult market situation and the various restructuring measures in progress, the 2004 result was satisfactory. Consolidated turnover amounted to 14.87 billion Swiss francs, 2.3% less than in the previous year. Coop’s retail trade turnover fell by 2.9% to 13.98 billion Swiss francs, while turnover of the sales outlets was 13.65 billion, down 2.7% on the year-back figure. This was due above all to stores being closed or used for other purposes, and to an average 2.0% drop in Coop’s prices.

After completion of the previous year’s acquisitions and streamlining of various locations, the number of sales outlets decreased by 80 to 1,433. The sales area amounted to 1,455,584 m², almost as high as in the previous year.

Good earnings and financial situation

Operating cash flow (EBITDA) amounted to 1.17 billion Swiss francs, just marginally below the year-back figure. Operating profit was 491 million Swiss francs, 7.5% down on the year-back figure, and the result for the year decreased by 6.2% to 320 million Swiss francs.

As in the previous years, there was a further improvement in the balance sheet. Net financial debt declined by 1.6% year-on-year to 4.05 billion Swiss francs. Liabilities fell by 428 million to 7.03 billion Swiss francs, or 62.2% of total assets. Equity (including minority interests) increased by 334 million to 4.26 billion Swiss francs, or 37.8% of total assets, up 3.2 percentage points year-on-year.

Prices

Against the backdrop of a difficult economic environment there has been a marked increase in price awareness among consumers. This, together with the emergence of foreign retailers in the Swiss market, is creating increasingly competitive conditions. We are taking this development seriously, as evidenced by both the downward price trend of Coop's range in the year under review due to substantial year-round price cuts and the lowering of prices on selected branded articles and own brands, and the launch of the guaranteed bargain-price label, "Prix Garantie", in January 2005.

Differentiation

We shall be taking further measures to improve our pricing performance, though without losing sight of our continuing unconditional commitment to quality. We shall be offering four price segments, ranging from the Prix Garantie bargain-price label to the flagship labels and premium products. And we shall aim to offer the best value for money in each category. Despite the short-term pricing discussion currently dominating our operating environment, however, we shall not lose sight of our long-term strategies and targets. We shall continue to differentiate ourselves from the competition and create added value for our customers by providing the densest network of state-of-the-art sales outlets, environmentally and socially responsible flagship labels, the largest selection of branded articles, a wider range of fresh produce, innovative merchandise, highly professional staff and an attractive communication style.

10 years of Coop Naturaline, plus regional organic specialities

Our range of textiles made from organically produced cotton and sold under the Coop Naturaline flagship label is an example of an offering that differentiates us from the competition.

Thanks to cooperation with Remei AG we started producing organic cotton ten years ago in Maikaal, India. Coop has now advanced from pioneer status to the world's biggest provider of organic cotton. We shall be celebrating Coop Naturaline's 10th anniversary in 2005 with an original campaign and, of course, attractive special offers in the supermarkets and Coop City department stores.

With its new line of regional organic specialities – a further example of an offering that sets us apart from the competition – Coop has created added value not only for customers but also for Swiss farming. This is because the aim of our regional organic products is not only to satisfy our customers' desire for authentic Swiss products but also to create new sales channels for peripheral regions.

Sustainability and innovation

We attach importance to ecological and socio-ethical as well as economic considerations not only in our choice of products but also in the entire supply chain. In the "Sustainability Report" published in September, we for the first time gave a complete account of the economic, ecological and social development of our company and of our relations with our stakeholders. These stakeholders also include our business partners. They have supported us in the realization of our "CoopForte" project and, thanks to their innovative energy, have contributed to our shared success of the last few years. In 2004, we again awarded the Coop Natura Prize to selected business partners for their exceptional achievements on behalf of our flagship labels.

Efficiency from reorganization

Our customers were also the focus of the restructuring activities carried out during the year under review. Coop Category Management (CCM) and all purchasing activities were merged to form the new CCM/Purchasing Business Unit. This enabled us to generate synergies in terms both of products and services and of sourcing. The new business unit is headed by Jürg Peritz, who was appointed to the Executive Committee at the beginning of 2004.

Having reached retirement age, Hans Winiger stepped down from the Executive Committee in mid-2004. The Logistics unit he had headed was then integrated into the new Logistics/IT/ Production Business Unit under Jörg Ackermann. This merger of the two key areas of logistics and IT will bring about additional improvements in efficiency that customers will see reflected in our prices.

Acknowledgements

We should like to express our appreciation to all those who have supported us in our efforts to create the new Coop. Our thanks go to our customers for their loyalty, our business partners for their innovative energy and our staff for their dedication, which we know we can also count on in the future.



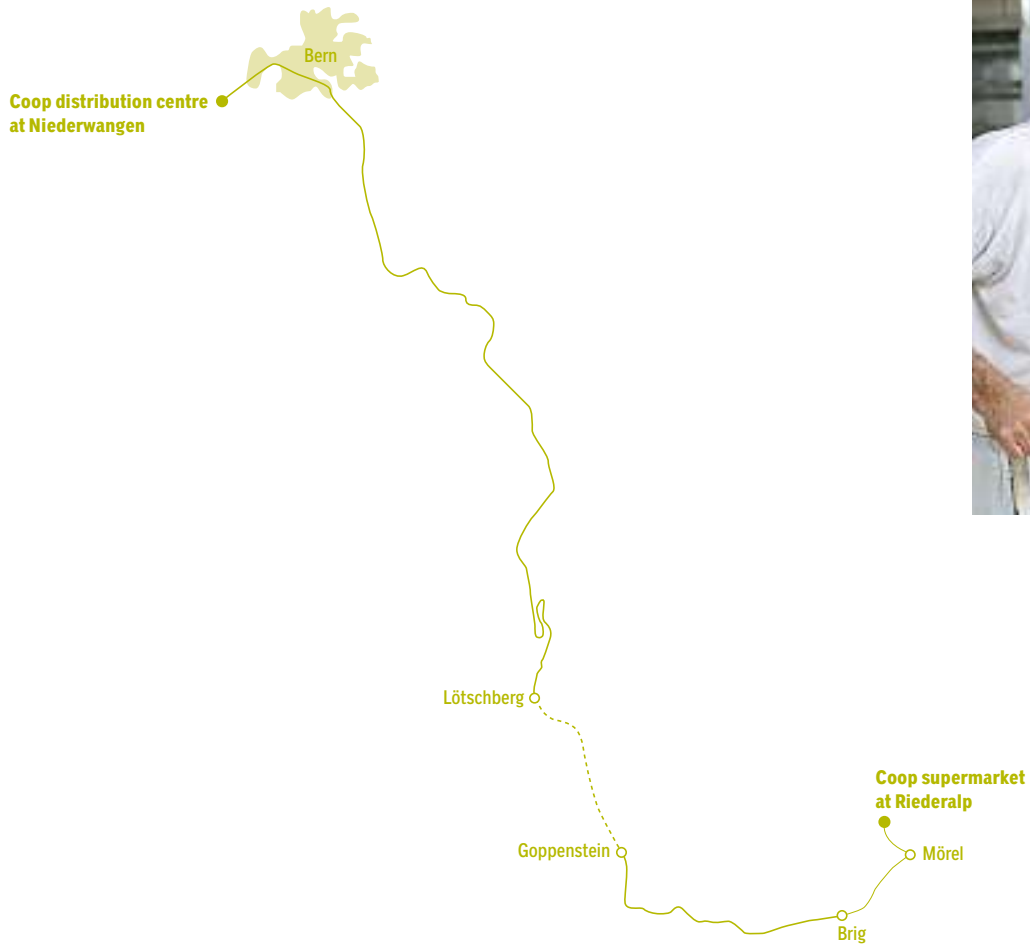
Anton Felder
Chairman of the Board of Directors



Hansueli Loosli
Chief Executive Officer



Hansueli Loosli and Anton Felder, Tägipark shopping centre, Wettingen, Canton of Aargau





Distribution centre at Niederwangen, 1 a.m. Roll containers destined for the Coop store at Riederalp are loaded with orders. Then they are transferred to the freight train which is standing at the ready.



Arrival in Brig on schedule. After reloading, the consignment is transported along the trunk road to the valley station of the Riederalp cable car in Mörel. The driver unloads the roll containers for further transport.



They are then attached to the cable cars and whisked up to Riederalp station, 1166 metres higher. There they are reloaded on to the transporter and delivered to their destination, Coop's Riederalp store,



a few metres away. The roll containers are then unloaded at the ramp. Receipt of the consignment is confirmed and staff start filling the shelves. At 8 a.m., the store opens its doors.



Strategic projects

Value-oriented differentiation

With the emergence of new players and the heated debate about pricing, the competitive situation is becoming increasingly fierce. Coop stands out from its rivals thanks to its unique products and services, customer focus, quality, choice and innovative strength. We are confident that consumer awareness will continue growing. Customers will look for the best value for money rather than simply buying the cheapest goods at rock-bottom prices. For Coop this means differentiating itself from its competitors in every respect by providing the densest network of modern, attractive sales outlets, the Coop flagship labels for environmentally and socially responsible products, the widest range of branded articles, a broad range of fresh produce, comprehensive quality assurance, well trained staff and a lively and innovative communication style. In this way Coop creates unique values – values that competitors geared solely to price considerations cannot create or even copy. By pursuing this value-oriented differentiation, Coop aims to further expand its leadership in Swiss food retailing.

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In the year under review, Coop invested substantial resources in improving its pricing performance.

Growing importance of price

Greater price-awareness among consumers is a reality that no Swiss retailer can afford to ignore. In the year under review, Coop invested substantial resources in improving its pricing performance – through both large-scale special offers and selective price cuts. Coop set an example in November 2004 when it slashed the prices of 50 branded articles of everyday use by 10% to 20% and in February 2005 when it reduced the prices of 300 products among its own brands and the branded articles. Prices at Coop are becoming more attractive, both for own brands and for branded articles, legitimizing its claim to be the retailer that offers the best value for money, even in a changed competitive environment.

With its guaranteed bargain-price label, “Prix Garantie”, Coop has launched a new offering in the entry-level price range. Since January 2005, some 150 articles of everyday use in the supermarkets and a further 50 non-food items in the Coop City department stores have been on sale at unbeatable, steady low prices. And despite price cuts of up to 50%, these products are consciously offered without any loss of quality. All “Prix Garantie” articles are of the corresponding own-brands’ accustomed quality and therefore stand out clearly against the articles offered at hard-discount prices by other retailers.

Coop Category Management for supermarkets and department stores

At the beginning of 2004, Coop merged Coop Category Management (CCM) and all sourcing activities for supermarkets and department stores to form the new CCM/Purchasing Business Unit. These activities had previously been part of the Retail and Trading Business Units. The change ensures that the existing staff and organizational resources will be deployed more effectively and decision-making channels shortened. By concentrating these two areas, Coop is demonstrating that sourcing activities, too, are focused on customer needs. Since January 2005, the CCM/Purchasing Business Unit has been working not with two but three non-food areas: near food, hard goods and textiles. Thanks to this reorganization, the strategies, concepts and tactical measures involved can be geared and implemented even more specifically to the needs of the individual product groups.

Efficient logistics and IT under one roof

In July 2004, logistics, IT and production were merged to form the new Logistics/IT/Production Business Unit. Efficient logistics are unthinkable without IT. Management of these two areas under one roof will generate additional efficiency gains.

The main task of Coop logistics is to distribute merchandise, supplying the right sales outlet with the right merchandise in the right quantity and quality and at the right time. Logistics is a background activity, without any directly visible benefits for the customer. It must therefore operate at the lowest possible cost to the company while at the same time ensuring optimum availability of merchandise. Coop will achieve this goal by successfully implementing its Logistics Strategy, a process that will soon be completed. It has involved investment of a total of CHF 500 million over a period of several years in infrastructure facilities, refurbishment or construction of distribution centres, technology for order-picking, materials-handling and warehousing, and IT.

When the distribution centre in Aclens comes on stream in 2006, Coop will have completed implementing the structures of the Logistics Strategy. Compared with the previous situation, over CHF 60 million in annual process costs will have been saved – savings from which customers will benefit in the form of price reductions.

When Coop has implemented the structures of the new Logistics Strategy, over CHF 60 million in annual process costs will have been saved.

Streamlining of locations and a new look for Coop City

Since early 2003, Coop and EPA have been running the department-store channel under one roof with the aim of gradually converting all EPA stores with commercial potential into Coop City department stores. With effect from January 2004, all staff of the former EPA were included in Coop's collective employment agreement. Category Management for department stores was integrated into the CCM/Purchasing Business Unit. In 2004, Coop pressed on with the transformation of EPA to Coop City and the nationwide streamlining of locations this entailed. Further refurbishments and closures will be required before these processes are completed at the end of 2005. In summer, Coop City gave its department stores a new, more appropriate, advertising look.

In a declining market environment, Coop City department stores also posted a drop in sales, though this was partly due to closures and refurbishments. The strategic goal remains clear: with its ultimate target of 40 department stores at first-rate central locations, Coop City will cover all major urban areas as the undisputed number two in the Swiss national market.

“Regional organic specialities”

create new sales channels for peripheral regions

In autumn 2004, Coop launched a new line of “regional organic specialities” under its Naturaplan flagship label. With these organic specialities Coop also provides smaller producers with reliable markets for their products: though items produced in small quantities are stocked locally in a limited number of sales outlets, these specialities – capacity allowing – are generally marketed at a regional or even nation-wide level. The launch is a response to consumers' growing demand for authentic, unmistakably Swiss products from the region. It means that Coop is providing new sales channels for producers in peripheral regions while also creating added value and jobs there. A start was made with dairy produce, cheese and herbal teas. Later items will include sausage-meat and cereal-based products. Coops aims to achieve medium-term sales of 100 million Swiss francs with the regional organic specialities programme, which currently comprises some 30 items.

The launch is a response to consumers' growing demand for authentic, unmistakably Swiss products from the region.

New Coop commitment in the catering-supplies field

In January 2005, Coop and the Rewe Trading Group agreed to establish a joint venture under the name of transGourmet Holding AG in the field of catering supplies for the Swiss and French markets. Other players in this joint venture will include the cash and carry wholesalers Prodega-/Growa-Cash+Carry and the wholesale catering suppliers Howeg in Switzerland and Aldis Service Plus in France, currently members of the Bon Appétit Group. From the Coop side, Bell Gastro Service will also be participating. Though part of a joint enterprise, the operating companies will retain their familiar brands. The Rewe Trading Group and Coop will each hold a 50% stake in this joint venture.

transGourmet Holding AG and its member companies will provide tailor-made concepts for small, major and system clients in the wholesale supplies sector. The 21 Swiss cash-and-carry stores of Prodega CC and Growa CC will continue to offer a complete range of around 30,000 products.

With this commitment Coop is entering a new, though related, business area and embarking on its first strategically significant undertaking outside Switzerland.

Food formats

Supermarkets: 792 in Switzerland

Supermarkets are Coop's core business. The Group is represented 792 times with a supermarket in all regions of Switzerland, giving it the country's densest network of sales outlets. Coop is the Swiss retailer that is closest to its customers: about 65% of the Swiss population have a Coop supermarket in their local community and 99% can reach the nearest Coop store within ten minutes.

In the year under review, Coop supermarkets generated sales of 9.01 billion Swiss francs, 5.0% less than in the previous year. Coop opened 16 new stores and closed 44. The sales area decreased by 3.3% from 787,012 m² to 761,310 m².

Work on remodelling the supermarkets in accordance with the new sales-outlet concept continued in 2004, with Coop investing over 600 million Swiss francs in remodelling a wide range of POS. The refurbishing of supermarkets will continue this year and should be completed by 2008.

About 65% of the Swiss population have a Coop supermarket in their local community and 99% can reach the nearest Coop store within ten minutes.

Twelve megastores throughout Switzerland

In June 2004, after a lengthy refurbishment phase caused by the authority's decision to suspend building work on the project, Coop opened the former Waro store in Bachenbülach as a new megastore. Two further megastores opened in December in Wettingen's Tägi-park shopping centre and in Dietikon. Together with the existing megastores in the cantons of Geneva, Vaud, Solothurn, Lucerne, St. Gallen and Zurich, Coop now operates twelve megastores throughout Switzerland. A new megastore will be inaugurated at Berne's Wankdorf Stadium in August 2005. With some 40,000 articles and an average sales area of over 5,000 m², Coop's flagship stores offer a new shopping experience.

Shopping centres meet a need

Coop also opened sales outlets in shopping centres in 2004. They include the Milavy Centre in Avenches, the Stadtmarkt in Wil and the Seewenmarkt in Seewen. Apart from a comprehensive range of Coop articles, these centres offer customers other shops with ranges that complement Coop's offering. In October, Coop opened the biggest shopping centre in Tenero, in the Sopraceneri region, comprising a Coop supermarket, a building and hobby supplies superstore, an Interdiscount XXL, a Vitality pharmacy and an Import Parfumerie shop. 2005 will see the opening of the Aarepark shopping centre in Würenlingen in May and the shopping centre in Berne's new Wankdorf Stadium in August.

Coop's Online Supermarket now bilingual

www.coop.ch, Coop's Online Supermarket, continued to enjoy growing popularity among customers in the year under review. Sales rose by approximately 55% year-on-year to 16 million Swiss francs, owing in part to the steady expansion of the delivery area. Since November 2004, customers living in the Aarau/Olten, Biel/Lyss and Zug/Cham regions can also shop online at Coop. The inclusion of the Geneva/Lausanne/Montreux region in early December 2004 was an important step forward in that the Online Supermarket became bilingual.

The range has been extended to include fresh meat products and frozen food, brand-name perfumes at discount prices and a range of cosmetic and body-care products, plus 50 different wines.

The average value of each order is close to 200 Swiss francs. Most orders are placed on Friday and in the week before major public holidays.

The inclusion of the Geneva/Lausanne/Montreux region in early December 2004 was an important step forward in that the Online Supermarket became bilingual.

More fresh products at Coop Pronto

Coop Pronto convenience shops posted sales of 250 million Swiss francs in 2004, a 19.6% increase year-on-year. This success demonstrates the uninterrupted expansion of the convenience segment. In 2004, Coop opened 13 new Coop Pronto shops attached to petrol stations and seven stand-alone shops.

The new Coop Pronto in Basel's "Centralhalle" was a milestone in the development of this format. On a sales area of 260 m², this Coop Pronto offers fresh produce such as salads, fruit, muesli and antipasti sold on a self-service basis as well as the traditional range of convenience-shop items.

A further 20 shops with or without petrol stations will be opened for business in 2005. The range of some 2,500 articles is being constantly adapted to changing needs, particularly the growing demand for fresh produce.

Unique in Europe:

Coop Restaurants and their organic menus

Despite operating in a declining market, Coop Restaurants had a good 2004, thanks to the attractive value for money they offer. A total of ten new Coop restaurants were opened for business, plus three new bistros and one take-away outlet. Seven restaurants were closed. Virtually all Coop restaurants have been certified for cuisine based on organic ingredients. This organic certification of an entire chain of restaurants is unique not only in Switzerland but also in the whole of Europe.

Specialist retail formats

Coop City:

transformation and streamlining of locations...

Since the beginning of 2003, Coop and EPA have been operating the department store channel jointly on the basis of a uniform concept. EPA stores with commercial potential are being gradually refurbished and transformed into Coop City department stores.

After eight total refurbishments in the previous year and a further eight new openings, Coop City already boasted 26 stores in 2004, plus a number of remaining EPA branches scheduled for closure. The EPA department stores in St. Gallen and Neuchâtel are to be completely remodelled and reopened this year as Coop City stores. The offerings of the EPA stores at the Zurich Sihlporte, Zug, Basel Gerbergasse, Geneva Meyrin and Lausanne locations will be adapted to the Coop City ranges. These establishments will then be operated under the Coop City label.

Six outlets were closed in 2004 and a further 13 are scheduled for closure in 2005. With these measures, the streamlining of locations will be completed by the end of 2005.

In a difficult market environment, EPA and Coop City department stores posted sales of 1.09 billion Swiss francs, 11.4% down on the year-back figure. This decline in sales was due above all to the reduction in the number of sales outlets and to temporary closures for refurbishment.

Coop City aims to operate 40 department stores at first-rate locations, covering the whole of Switzerland as the clear number two in the market. Coop City's position as generalist department stores offering good value for money and targeting women in particular is to be strengthened.

Coop has integrated all former EPA staff into its collective employment agreement. In addition, it has transferred Category Management for department stores to Coop's CCM/Purchasing Business Unit.

Coop City aims to operate 40 department stores at first-rate locations, covering the whole of Switzerland as the clear number two in the market.

...plus a new look and new ranges

In July 2004, Coop City launched a new advertising concept that was more emotional in its appeal and geared more specifically to department stores, and the logo was modified slightly. The existing shop-design concept was adapted in a few respects to meet new specifications. Customers will experience these changes only after the total refurbishments have been completed in 2005. Starting in 2004, the food departments of the EPA stores, which used to be supplied by Usego, are now being supplied by Coop with food products and a supplementary range of articles from the non-food range. In the perfumes segment, Coop City stepped up cooperation with Import Parfumerie.

Building and Hobby Supplies: benefits from ProfiCard

Building and Hobby Supplies posted sales of 619 million Swiss francs in 2004, an increase of 4.7% year-on-year. Coop was able to extend its leadership in this segment. With the opening of new centres in Bülach, Bulle, Seewen and Tenero, the number of sales outlets rose to 63 in 2004. The Building and Hobby centres in Brig-Glis, Villmergen, Lugano-Grancia, Würenlingen and Wettingen were refurbished and expanded. Garden supplies in particular underwent particularly marked expansion, in accordance with the "Building and Hobby Supplies Strategy 2008". Building and Hobby Supplies is on course to meet the expansion goals set, i.e. to have a total of 85 specialist outlets by 2008. The strategic cooperation with the international purchasing cooperative Toomax-x again proved its value in the year under review. Thanks to more favourable purchasing terms for items sourced in the Far East and to the launch of joint own brands, customers benefited from lower prices on a range of different articles. Building and Hobby Supplies also increased sales of Coop Oecoplan products by a double-digit percentage figure.

The ProfiCard launched by Building and Hobby Supplies in 2003 has been a complete success. Over 6,000 small tradesmen and farmers are already using the card and benefiting from special discounts.

Building and Hobby Supplies posted sales of 619 million Swiss francs in 2004, an increase of 4.7% year-on-year.

Toptip/Lumimart: cooperation with WWF

Toptip and Lumimart together posted sales of 255 million Swiss francs in 2004. Compared with the year-back figure, Toptip alone raised its sales by 0.4% and Lumimart by as much as 5.2%. Despite fierce competition in the furniture market, Toptip was able to increase its market share to 7.3%.

Having opened two new stores and closed two, Toptip now operates 44 outlets throughout Switzerland and Lumimart 17.

Toptip is responding to customer demand for environmentally friendly products in the furniture segment. It has concluded an agreement with WWF Switzerland to cooperate on product development, and it also provides information in the form of a customer-friendly declaration on the type of wood and production method used in its products, and the country of origin. From spring 2005 on, ten Toptip stores will feature special WWF eco-platforms with FSC-certified wood products. Tiptop presented the first of these special platforms at the opening of the Emmen home-furnishings centre in March 2005.

Despite fierce competition in the furniture market, Toptip was thus able to increase its market share to 7.3%.

Systematic discount strategy at Import Parfumerie

Import Parfumerie applied its discount strategy even more consistently in 2004, streamlining its offering to the 4,000 or so most popular items and cutting the fixed price of the 300 most important articles. Import Parfumerie posted sales of 141 million Swiss francs, just short of the year-back figure. Nine new perfumery stores opened for business, including the first three in Ticino, while twelve outlets were closed.

Import Parfumerie, which was transferred from Retail Companies to the Trading Business Unit at the beginning of 2004, has been part of the Coop Group since 1994. It has been celebrating its tenth anniversary since October 2004 with a monthly series of special offers.

Retail companies

Interdiscount XXL throughout Switzerland

Interdiscount pressed on vigorously with the remodelling of its sales outlets in 2004. A total of 76 of its 174 locations have now been refurbished in accordance with its new store concept. As part of the location optimization programme, 15 sales outlets were closed and seven new ones opened.

Interdiscount pressed on with the expansion of the new XXL store format. Having opened new stores in Lausanne, Zurich, Basel, Aarau, Egerkingen and Tenero, Interdiscount now operates eight of these large-scale formats throughout Switzerland.

The biggest XXL store opened for business in Basel's Märthof, a former Coop City department store. With over 4,000 m² of sales area on six floors, it offers a full range of high-quality appliances and accessories, laid out according to segment so as to provide a clear overview of the offering. Here customers can find all the latest innovations in the field of consumer electronics under one roof. And the fast, inexpensive home-delivery service guarantees the problem-free purchase of large appliances.

Thanks to the systematic expansion and refurbishment of its POS network, Interdiscount posted an increase of 1.8% to 865 million Swiss francs in sales compared with the previous year and also gained market share. Further gains in market share and targeted expansion, including five new XXL outlets, are the goals for 2005.

Interdiscount pressed on with the expansion of the new XXL store format.

New Coop Vitality pharmacies in shopping centres

With four new outlets, Coop Vitality pharmacies achieved sales of 20 million Swiss francs in 2004, 86.3% up on the year-back figure.

At the beginning of 2004, Coop Vitality took over the former EPA pharmacy at Basel's Marktplatz. In the course of the year, new pharmacies opened for business in shopping centres in Seewen, Tenero and Wettingen. At least seven further pharmacies are scheduled to open in 2005. The mid-term target continues to be a total of 50 pharmacies.

Coop Mineraloel AG:

further market-share gain in the petrol business

Coop Mineraloel AG, which comprises Coop's petrol stations, Pronto Shops and the sale of heating oil, increased its sales to 1.02 billion Swiss francs, a rise of 19.7% year-on-year. Sales of heating oil were comparable with the previous year, but in the filling station business petrol sales were up 27%, and there was a further gratifying gain in market share. This result was due in part to the growth of Coop Pronto Shops.





Seewenmarkt shopping centre, Seewen, Canton of Schwyz

A brand mix that sets Coop's ranges apart

A high level of competence in product ranges, and products and services that distinguish it from the competition, are of great importance to Coop. By developing its brand profile, Coop will seek to stand out even more clearly against the competition. In spite – or even because – of the current discussion of prices, Coop's brand profile will continue to be based on a quality-oriented brand mix that cannot be copied. The mix embraces the Coop flagship labels, which currently account for 19% of sales, Coop's own brands, which account for 27%, and branded products, which account for 54%, by far the largest proportion.

Since the launch of the Prix Garantie bargain-price label in January 2005, customers have been able to choose from between four price segments ranging from entry-level to premium products.

The continuing success of Coop's environmentally and socially responsible flagship labels is also due to the innovative strength of its business partners.

Environmentally and socially responsible flagship labels

Coop Natura Prize for innovations by business partners

The flagship labels Coop Naturaplan, Coop Naturaline, Coop Oecoplan and Max Havelaar again posted a marked rise in sales in 2004, growing 10.2% year-on-year to 1.36 billion Swiss francs. Coop Naturaplan is the best-known label in Switzerland for food produced in line with humane animal husbandry and the natural environment. The continuing success of Coop's environmentally and socially responsible flagship labels is also due to the innovative strength of its business partners. Every two years, Coop singles out particularly outstanding examples of innovation. In September 2004, it awarded the Natura Prize to three business partners:

- bio-familia AG, Sachseln, for pioneering achievements in the promotion of organic farming and for the first organic muesli in the Naturaplan range

- FLAWA AG, Flawil, for the production of cotton-wool products made with organic cotton, which resulted in Coop's entire cotton-wool range being switched to organic cotton.
- Andermatt Biogarten AG, Grossdietwil, for innovations in the field of organic plant protection for the amateur gardener.

Coop Naturaplan: organic specialities from the regions

Sales of the Coop Naturaplan flagship label increased by a further 6.7% to 1.11 billion Swiss francs in the year under review. The Naturaplan label now comprises over 1,700 products, a good 1,300 of which are of organic quality. It already accounts for over 50% of some product groups. The Naturaplan range is also being expanded in the fish/seafood segment. Its organic shrimps, which appeared on Coop's shelves for the first time in 2004, are a particular focus of innovation. Coop has now switched almost the entire range of shrimp products to organic quality.

In autumn 2004, Coop launched a new line of "regional organic specialities" under its Naturaplan flagship label. Fresh products in this new range stem entirely from the respective region, while at least 90% of the primary materials of processed products come from the region and the processing takes place in the region itself, wherever possible. Though regional organic products produced in small quantities may only be stocked locally in a limited number of sales outlets, these products are generally marketed at a regional or, capacity allowing, even nationwide level. With this new range, Coop is offering its customers food products with a regional character while also seeking to create new sales outlets, plus added value and jobs, for peripheral regions. A start was made with dairy produce, cheese and herbal teas. Later items will include sausage-meat and cereal-based products. Coops aims to achieve mid-term sales of 100 million Swiss francs with the regional organic specialities programme, which currently comprises some 50 products from 20 regions.

Coop has now switched almost the entire range of shrimp products to organic quality.

Coop is celebrating the 10th anniversary of Coop Naturaline in 2005.

Coop Naturaline: World's largest retailer of organic cotton-based textiles

In the year under review, the Naturaline label, i.e. ecologically produced textiles and cosmetics, posted a 10.2% increase in sales to 43 million Swiss francs. Coop is celebrating the 10th anniversary of Coop Naturaline in 2005. Though originally launched in 1993 as a label for environmentally friendly clothing made with cotton from integrated production, Coop Naturaline switched over in 1995 to organic cotton produced in accordance with fair-trade principles. This change was made possible by cooperation with Remei AG, which initiated a project to promote organic cotton cultivation in Maikaal, India. With more than 1,400 farmers taking part, Maikaal is now the world's biggest organic cotton-growing association. 1994 saw the establishment of a similar project in Meatu, Tanzania. Though a relatively small retailer by international standards, Coop is now the world's largest provider of organically grown cotton-based textiles. The anniversary will be celebrated with exciting themed promotions in the sales outlets and, of course, attractive special offers for customers. The aim is to acquire new customers, strengthen the Naturaline brand and further expand its pioneering role and its contribution to what makes Coop stand out.

Coop Oecoplan: "natureplus" label for healthy building materials and products

The Coop Oecoplan flagship label posted sales of 94 million Swiss francs in 2004, an increase of 16.0% year-on-year.

Up to 60% of wood products sold in Coop supermarkets and building and hobby centres now meet the requirements of the FSC criteria for sustainable forestry. In December 2004, Coop for the first time stocked FSC-certified Christmas trees from Switzerland. Along with the WWF and the SIB (Swiss interest group for ecological architecture), Coop has been one of the backers of the "natureplus" association. "natureplus" is a quality label for building materials and products that have no harmful effects on health, are produced under environmentally compatible conditions and are

functionally flawless. At least 85% of their starting materials must stem from renewable and/or mineral sources. The first “natureplus”-certified Oecoplan products will go on sale in the building and hobby centres this year.

Certain native plants create sources of food, and therefore also habitats, for butterflies. Coop supports the Pro Natura campaign “More Room for Butterflies” by stocking butterfly-friendly plants, including seeds, in the building and hobby centres and larger sales outlets.

Max Havelaar:

All Coop bananas are from fair trade

Thanks to continuous and systematic application of the fair-trade strategy, sales of Max Havelaar products at Coop in 2004 grew by 54.3% to 111 million Swiss francs. If Max Havelaar-certified organic products are included, the corresponding figure is as high as 123 million Swiss francs.

Since February 2004, Coop has been selling only bananas with the Max Havelaar fair trade quality label, a decision that underscores Coop’s pioneering role as the world’s biggest retailer of fair-trade products. Bananas are Coop’s best-selling fruit. In 2004, it sold over 19 million kilograms of Max Havelaar bananas, generating sales of 57 million Swiss francs. Every third fair-trade banana marketed in Europe is sold in a Coop supermarket. Coop is the world’s first retailer to stock only fair-trade bananas.

Coop also actively supports fair trade in many other product categories. In 2004, 40% of all cut flowers sold at Coop bore the Max Havelaar quality label, generating sales of 43 million Swiss francs in the flowers and plants segment. Coop expanded its market leadership position in early April 2005 when it switched its entire range of roses to Max Havelaar-certified products.

Every third fair-trade banana marketed in Europe is sold in a Coop supermarket.

Flagship labels in the convenience and health segments

New Microwave Menus from Betty Bossi

Thanks to its Betty Bossi flagship label, Coop is the market leader in fresh convenience food. Betty Bossi develops top-class culinary specialities for Coop that are ready to cook or ready to eat. They are also processed carefully so as to preserve their nutrients and are largely free of artificial additives. The Betty Bossi label now comprises some 650 items. Sales continued to grow, with a rise of 9% to almost 400 million Swiss francs being posted in the year under review. The baked goods segment was substantially expanded, with biscuits, Swiss rolls and sponge cakes being added to the range. Also added was the first dairy product, Betty Bossi fresh cheese fondue.

Under its Betty Bossi flagship label, Coop is the first retailer in Switzerland to stock the new Microwave Menus, whose innovative polypropylene packaging, functioning as both baking tray and plate, becomes a small steam-cooker when placed in the microwave. The meals then cook in their own juices and are ready to eat within three to five minutes.

The Betty Bossi label now comprises some 650 items.

Lifestyle: products for the calorie-conscious

The Lifestyle label is Coop’s contribution to combating the worldwide health-related problems of obesity and diabetes. Lifestyle products are low-fat and contain very little or even no refined sugar, making them a valuable addition to a balanced diet. With its new flagship label, Coop now offers low-calorie food products that satisfy the highest quality requirements and also taste good. The range will be expanded in the coming years. Some 30 new Lifestyle items were launched in the year under review, notably yoghurts, ice-creams and, in the fresh convenience-food segment, sandwiches and ready-to-eat meals. The label now comprises approximately 130 products, and posted sales of 64 million

Swiss francs in 2004. Lifestyle yoghurts are particularly popular, now accounting for about 30% of Lifestyle sales and about 10% of total yoghurt sales.

The Lifestyle label is Coop's contribution to combating the worldwide health-related problems of obesity and diabetes.

Branded products

Number one in Switzerland

No Swiss retailer does as much to promote branded products and brand diversity as specifically as Coop. Branded products now account for a high 54% of Coop's sales. With over 3,500 branded products on its shelves, Coop offers a full range and enormous choice. It deploys its large selection of brands to stand out against the competition. Leading branded products remain of great strategic and commercial significance for Coop. This was demonstrated in the large-scale campaign for branded products launched in the print media in January 2004. Coop is further expanding its number-one position in terms of sales of branded products, brand choice and brand promotion and therefore remains the most important partner of the Swiss branded-products sector.

Coop deploys its large selection of brands to stand out against the competition.

Coop own-brand articles

"Fine Food" and "Prix Garantie" added to the range

Coop own-brand articles currently account for 27% of sales. They hold a distinctive position between the branded products and Coop's flagship labels. Articles bearing the Coop logo on a square, black background make an important contribution to providing value for money, enhancing customer loyalty and differentiating Coop from the competition. The Swiss branded-products industry produces the greater part of Coop's own-brand articles. As a rule, therefore, Coop's own-brand articles are a sign not just of vertical integration but of intensive partnership-based cooperation between retailing and production.

Since late 2004, Coop has been marketing the "Fine Food" label – exclusive specialities offered at a fair price and with their own distinctive look. The label got off to a start in time for Christmas with salmon products from the firm of Dyhrberg in Balsthal, the oldest smokers of salmon in Switzerland, whose work is done almost entirely by hand and using the finest materials. Coop's offer range was further extended by the launch

of “Prix Garantie” – a guaranteed bargain-price label that offers unbeatable prices but at Coop’s accustomed quality.

Coop’s offer range was further extended by the launch of “Prix Garantie” – a guaranteed bargain-price label that offers unbeatable prices but at Coop’s accustomed quality.

Quality

More quality thanks to systematic checks

Every article Coop stocks is subjected to comprehensive quality assurance and improvement measures. In 2004, the Coop Quality Centre carried out approximately 165,000 tests on 15,000 food and non-food samples and articles. The products and raw materials were tested for sensory or technical quality, freshness, ingredients and additives, germs, and residues of heavy metals, animal medication and pesticides.

The Quality Centre also addressed the problem of acrylamide, a substance that forms when, for instance, potatoes are heated, and whose carcinogenic risk experts cannot agree on. Since September 2004, Coop has been stocking potatoes, packaged in specially labelled red bags, which are particularly suitable for frying, baking and deep-frying as they are less susceptible to the formation of acrylamide.

Sustainable sourcing based on defined standards

The Quality Centre set up the Sustainability Unit to promote and monitor the systematic application of environmental and socio-ethical standards by Coop’s business partners.

Coop also actively promotes the implementation of international quality concepts and standards. For instance, it requires fruit and vegetable producers and suppliers of flowers and other plants to respect the EurepGAP norms that define standards for “good agricultural practice”, occupational hygiene and environmental protection. In addition, Coop is a member of the task force set up by the international retail sector’s “Global Food Safety Initiative” to ensure the safety of food sold in retail outlets, and in this connection it requires producers of its own-brand products to implement the defined food-safety standards. Compliance is

monitored by independent monitoring bodies. All Coop Group food production plants and bakeries are already on course to be awarded the corresponding certification.

EU Directive 178/2002, which is aimed at ensuring the seamless traceability of foodstuffs and animal feed, is also applied, as appropriate, in Switzerland. As large-scale investigations by the Quality Centre have shown, the level of compliance among both partners and Coop production companies is good.

More incentives for GMO-free animal feed

More than 80% of consumers in Switzerland will not buy food containing genetically modified ingredients. And, as a Coop survey has indicated, this attitude has become increasingly widespread. Coop therefore does not use genetic engineering in its own-brand products or – as goes without saying – its flagship labels. Besides analysing products for unwanted genetically modified organisms (GMOs), the Coop Quality Centre also performs checks to determine whether separate merchandise flows and product traceability are ensured. Even after the new Swiss genetic-engineering law has been adapted to the more rigorous EU regulations, the Quality Centre will continue to ensure that any GMOs in foodstuffs are properly labelled.

Consumers also reject GMOs in feed used in the production of meat and dairy products. Coop therefore supports efforts in Switzerland to ensure that animal husbandry based on feed that does not contain GM plants can also be rewarded in the future, because this creates an incentive to produce GMO-free feed.

Coop does not use genetic engineering in its own-brand products or – as goes without saying – its flagship labels.

In mid-November 2004, Coop slashed the fixed prices of 50 leading branded products by 10 to 20%.

Prices and markets

Coop takes consumers' increased price awareness seriously

Coop is determined to maintain its leadership in Swiss food retailing and to offer the best value for money in all four price segments rather than simply selling the cheapest goods at rock-bottom prices. The 2.0% downward trend in Coop's prices in the year under review shows that the company is responding to the increase in price awareness among consumers.

In 2004, Coop again stepped up its programme of special offers. Besides the "Low price of the month" and the "Megahits", the monthly half-price articles and the coupon offers in the Coop Press met with a high level of acceptance.

In mid-November 2004, Coop slashed the fixed prices of 50 leading branded products by 10 to 20%. In February 2005, it cut prices on a further 200 branded articles and 100 own brands. Coop is bearing the brunt of these substantial price cuts itself in order to set an example in the negotiations with business partners who, in Coop's view, should take a more proactive approach to the issue of customers' growing price-awareness. A further problem in the present pricing environment is the fact that Coop pays much higher cost prices for many identical branded products than retailers in neighbouring countries.

"Prix Garantie",

Coop's new guaranteed bargain-price label

With the help of a striking all-pink look, Coop launched the "Prix Garantie" guaranteed bargain-price label in January 2005. The label represents Coop's investment of savings and efficiency improvements from the "CoopForte" merger process in prices and lower margins. It comprises existing Coop own-brand products offered at guaranteed prices cut by up to 50%, but 25% on average, with no loss of quality. The first 150 or so "Prix Garantie" items constitute a wide range of articles of everyday use such as UHT milk, ham, potatoes, apples, mineral water, flour, pasta, detergents, toilet paper and shampoo. In Coop City department stores, the "Prix Garantie" label includes 50 or so non-food products such as underwear, hosiery or crockery. All these items are systematically offered without any loss of quality. All "Prix Garantie" articles are of the corresponding own-brands' accustomed quality and therefore stand out clearly against the articles offered at hard-discount prices by other retailers.

The new "Prix Garantie" label is Coop's response to growing price awareness among consumers and implies a triple guarantee in that the products are: guaranteed to be inexpensive, meaning bargain prices within the Coop range; they are guaranteed to stay inexpensive, meaning permanent bargain prices rather than limited special offers; and they are guaranteed to be good, meaning that Coop does not compromise on its accustomed quality.

"Prix Garantie" represents Coop's investment of savings and efficiency improvements from the "CoopForte" merger process in prices and lower margins.

From success to success with the trophy campaigns

The trophy campaigns have become an integral part of Coop's offering. In spring 2004, Coop had to distribute a further million trophy pots and pans in response to the surprisingly high number of orders received for them.

Hot on their heels came the big trophy-ball campaign. As befits a year in which the European football championships were held, Coop unleashed a veritable ball euphoria among its younger customers in Switzerland with its Dunlop-ball campaign, with every household in the country acquiring an average of one ball.

For their Villeroy&Boch campaign, Coop was able to link up with one of the most prestigious suppliers of branded articles in the crystal tableware segment for a further trophy item. The crystal trophy campaign was launched in September 2004. As in the other trophy campaigns, demand proved to be enormous – by January 2005 the entire population of Switzerland could have toasted one another's health with all the glasses sold!

Fierce competition in Swiss retailing sector

In mid-November 2004, the Swiss Competition Commission announced the completion of its investigation into the "CoopForte bonus" scheme, with agreement being reached with Coop on a solution. The Competition Commission reiterated its view that competition in the Swiss retailing market was fierce. It basically acknowledged that Coop's demands in respect of the scheme were demonstrably matched by the services it offered in return. Coop undertook to reimburse smaller suppliers who were able to demonstrate convincingly that they did not benefit from these services.

The principle of equitable quid pro quo is also a key point in the code of conduct that Coop has drawn up in collaboration with representatives of the Swiss branded-articles association Promarca. For the first time the code lays down in writing the principles of conduct to be observed in dealings with business partners.

Transparency and openness, non-discrimination, customer-focused range selection and a partnership-based approach are key requirements. The code is also a response to the stricter anti-trust laws that came into effect in April 2004. While, in terms of demand, Coop has little power on the global sourcing market, the

situation is different in the still high-barrier domestic market. However, a partnership-based relationship with suppliers does not mean that new approaches to sourcing, such as parallel imports or auctions, are not being increasingly adopted.

Political environment

The political environment in the year under review was characterized by discussion of shop opening times in the evenings and on Sundays and public holidays, with tightening of the regulations governing authorization of Sunday opening during the run-up to Christmas. While shop-opening times in neighbouring countries are more uniform and above all more liberal, in Switzerland there are still great differences between the cantons, and the regulations are being applied more rigorously. Coop would like to see standardized, customer-friendly shop-opening times.

In view of the successful conclusion of the second round of Bilateral Agreements with the EU (provided they are approved by the electorate), Coop expects to see a tangible reduction in the customs duty levied on pasta, baked goods and sugar-containing products. The Agreements should also improve the competitiveness of Coop's production companies in European markets.

“Suisse Garantie” – a label for Swiss farming

In view of the current round of WTO negotiations, the launch of the certificate of guarantee and origin for Swiss food, “Suisse Garantie”, which was supported by Coop, came at just the right time. The aim of the label is to persuade consumers of the advantages of buying Swiss products: proximity to the customer, freshness, clear specifications with regard to animal health and environmental protection, no use of genetic engineering even in animal feed, and traceability. Coop launched “Suisse Garantie” for fresh fruit and vegetables in September 2004, followed in January 2005 by fresh meat and some meat products, milk and dairy products and cans/jars of fruit and vegetables. Coop’s launch of organic regional specialities under the Coop Naturaplan label was a further approach to promoting Swiss agricultural products, despite some dismantling of cross-border barriers.

The founding of an interest group for producers of the Coop Naturaplan Porc programme symbolizes the serious, partnership-based dialogue being conducted along the entire agricultural supply chain.

Dialogue is also a hallmark of the regular high-level meetings that take place between Coop on the one hand and the Bio Suisse organic farming association and the Swiss Farmers’ Association on the other. Their shared commitment to quality, the market and environmental protection is a sound basis for concrete cooperation in the different markets.

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More queries to the consumer service

Coop's Customer Service is an important resource for consumers. It works closely with the Market Research and Sales Planning departments and passes on valuable suggestions for improvement to Category Management. In 2004, the Customer Service answered 99,791 queries from consumers, an increase of 25% year-on-year (2003: 79,750).

Customer queries focused particularly on foodstuffs stocked by Coop, many of them relating to health aspects. There were also queries about current decisions taken on business policies as well as questions about new special offers or the trophy campaigns.

In 2004, the Customer Service answered 99,791 queries from consumers.

Nutrition Unit: guidelines for Lifestyle products

About half the population of Switzerland will admit to being occasional vegetarians. This situation is also reflected in the increase in questions directed at Coop's Nutrition Unit on this subject. In 2004, Coop therefore issued a new brochure informing the public on the ovo-lacto vegetarian diet and Coop's vegetarian logo.

There was also an increase in queries about obesity. The Nutrition Unit constantly examines whether and how product ingredients can be improved, for instance by reducing trans fatty acids in baked goods. In 2004, the Unit drew up a set of guidelines for the new Lifestyle flagship label, which comprises food products for the calorie-conscious customer.

Coop has also expanded the "Food and Drink" section of its website where vegetarians, diabetics and people who are lactose or gluten intolerant will find valuable nutritional tips and regularly updated lists of suitable products.

Getting children physically active and away from alcohol

Regular physical activity as well as a balanced diet are essential for staying healthy. Coop systematically supports projects that combine diet with exercise. The "Freestyle Tour" is a case in point: young people prepare health meals together with a rapper cook, while putting their skateboarding or breakdance skills to the test against genuine cracks.

Growing alcohol consumption among children and young people is a problem that should not be underestimated. Coop's policy in this area is systematic prevention. In regular training sessions, check-out staff practise the correct behaviour for dealing with young people. When an alcohol product is being checked out, a pre-programmed alert tells staff that ID is required from the customer. With regard to tobacco products, Coop has imposed a voluntary age limit of 16 years, the implementation of which is also supported by a pre-programmed alert at check-out.

Supercard local-branch concept dropped

Used by over 2.2 million card-holders, Supercard continues to be the biggest customer-loyalty programme in Switzerland. In 2004, more than 1.6 million bonus gifts were collected in exchange for about 11.2 billion Supercard points, i.e. 90% of all the points obtained. Since early 2004, Supercard holders have been able to earn points through Swisscom Fixnet, the second large external partner in the Supercard Programme after Gidor Coiffure. It was followed in June by the Pneu Egger garage chain. Since September 2004, customers have also been able to gain points through Hertz Car Rentals. And they can boost their Supercard point balance through the MasterCard or VISA Card of the Swiss cantonal banks, Raiffeisen banks, RBA regional banks and Coop Bank. Since mid-2004, the Supercard local-branch concept has been dropped: the current point balance is now printed on the check-out slips at all Coop supermarkets, Coop Building and Hobby Supplies centres and Coop City department stores rather than only at the customer's local branch.

In 2005, the Supercard Programme will celebrate its fifth anniversary. It will be marked by special anniversary bonus gifts as well as by an anniversary edition of the full catalogue.

Used by over 2.2 million card-holders, Supercard continues to be the biggest customer-loyalty programme in Switzerland.

New Coop Press concept has paid off

Coop Press with its three language editions further expanded its position as Switzerland's largest and most widely read newspaper. A total of 3.3 million people, i.e. a third of all Swiss households, read Coop Press regularly. Subscription rose by over 100,000 in 2004, making it the newspaper with the highest circulation in all of Switzerland's three language regions. Despite a decline in the advertising market, Coop Press increased its revenues from advertising, thus demonstrating that the new graphic and editorial concept meets the readership's needs.

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i.e. a third of all Swiss households,
read Coop Press regularly.**

Telescoop caravans travel every week to a different region.

Telescoop: entertainment and cooking

Telescoop with its varied 24-minute programme was also successful in 2004. Up to 160,000 viewers followed the entertaining mix of reports, cookery demonstration, interviews and games on SF1 every day at 12.30 p.m. or in the 4 p.m. repeat. This means that Telescoop's midday slot achieves quotas of about 21 % and even 24 % in the German- and French-speaking parts of Switzerland respectively.

Since January 2005, Telescoop has had a new look. Telescoop caravans travel every week to a different region, filming at locations that change daily and giving the top young cooks of tomorrow an opportunity to demonstrate their skills. Telescoop is presented by Corinne Waldmeier and Reto Peritz in German and by Mireille Jaton and Mathias Froidevaux in the French edition.

Coop Studio: television with a customer focus

Last year, Coop Studio with its new concept focused even more closely on viewers' needs. Tanja Gutmann and Mark von Weissenfluh for the German edition, Niki Zischka for the French and Caroline Roth for the Italian present interesting features, new products and attractive special offers in a relaxed ambience. Besides interviews with experts and insights into what goes on behind the scenes, consumers' opinions are also heard in weekly street surveys. An average of 800,000 viewers watch Coop's classic TV programme broadcast every Wednesday evening before the news.

Internet: Coop quiz show with quality label

The www.coop.ch website is an important communication channel for Coop. About 40 million pages were viewed in 2004. In the year under review, Coop redesigned its website, giving it a more user-friendly structure and a stronger focus on sales by positioning attractive special offers on the home page. Coop Supermarkets, Coop City Department Stores and Coop Restaurants were given their own Web pages. Also new was “Coop Quizshow”, an online quiz that was played over 700,000 times by some 32,000 registered users. “Coop Quizshow” was singled out for the “Best of Swiss Web 2004” quality label at the Swiss Dialogue Marketing Awards for 2004.

Recharging prepaid cards at Coop check-outs

Since April 2004, customers have been able to recharge their prepaid cards for mobile phones at every Coop check-out point. This simple and convenient service is provided by the supermarkets, department stores, building and hobby supplies centres, Interdiscount stores and Coop Pronto shops.

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Logistics and IT

Logistics: improving efficiency nationwide...

Implementation of the Coop Logistics Strategy approved four years ago is approaching completion. The Strategy envisages concentrating the intermediate storage of a large part of the Coop range in seven national distribution centres, while regional distribution centres will supply the sales regions with fresh products and specific fast-turnover items.

The Wangen facility is by far the largest national distribution centre. Since summer 2004, it has supplied all sales regions with non-food articles and food-related hard goods. On completion of the centre in 2006, 100 trucks will deliver some 3,500 pallets to the centre every single day.

The distribution centre in Pratteln is responsible for supplies of wine, spirits, beer and syrups. It also supplies flowers, fruit, raw materials and all imported food-related hard goods. The national distribution centres for all frozen products are located at Hinwil and Givisiez.

The Building and Hobby Supplies centres are supplied from the distribution centre in Gwatt. All Coop Pronto shops receive daily deliveries from Schafisheim. And the former EPA distribution centre in Rapperswil now supplies Coop City department stores throughout Switzerland with non-food articles.

...and in the regions

Distribution centres and hubs have also been streamlined in the sales regions. The distribution centre opened in Castione in Ticino at the end of 2003 has developed very satisfactorily. It has replaced three previous distribution centres, resulting in more frequent deliveries to the sales outlets and in lower logistics costs.

The situation in the French-speaking region is similar. The new distribution centre in Aclens, which has been under construction since May 2004, will replace the centres in Satigny, Renens, Crissier, Châteauneuf and Fribourg.

Completion of the distribution centre in Aclens in 2006 will also mark the completion of the infrastructure envisaged in the Logistics Strategy. It will mean savings of over CHF 60 million in annual process costs – savings from which customers will benefit.

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IT: one system for the entire supply chain

Supply chain management, a concept that embraces all merchandise flows and processes, is inseparably linked to the logistics infrastructure. In future, all processes, ranging from deliveries by suppliers and order-picking in the distribution centres to sale in the POS and subsequent follow-up orders, will be executed using the SAP and WAMAS software for supply chain and warehouse management. Applications of the new system to date have already brought about the expected improvements. The switchover was completed in the distribution centres of the French-speaking region in September 2004, followed by the centre in Schafisheim in November. The SAP/WAMAS system therefore looks set to come on stream for all ranges in all distribution centres in the course of 2005 and 2006.

Paperless cooperation with business partners

The EAN database, "Edb" in short, ensures that trading partners can access the master data of articles at a central source. The producers enter the article data in the Edb and thus put them at the disposal of all its trading partners.

Articles ordered with the help of these master data are delivered to the distribution centre in pallets which are labelled with the SSCC (Serial Shipping Container Code). The SSCC, in conjunction with the electronic dispatch advice received in advance, enables the goods to be clearly identified and is the basis of the traceability system. The WAMAS warehouse management software takes over the information provided by the SSCC and uses it to control the subsequent internal flow of goods. WAMAS provides staff at the distribution centres with technical assistance in order-picking and delivery to the POS.

Coop is currently cooperating with strategically important business partners to develop this paperless approach to the supply chain, which eliminates processing errors.

The system should be in place for all business partners by the end of 2006. It requires, however, the use of Electronic Data Interchange (EDI) for transmitting orders, order confirmations and dispatch advice data. Coop provides its business partners free of charge with an Internet-based EDI solution. It will also be possible in future to send and settle invoices on a paperless basis.

Transport:

by rail to the Upper Valais and Lower Engadine

Rail accounts for slightly less than one third of transports from the national to the regional distribution centres. In 2003, Coop set up a special unit for the purpose of increasing the proportion of national transports carried by rail. Swiss Railway's freight division, SBB Cargo, has improved its services by organizing later departure schedules with unchanged early arrival times and providing more modern rolling stock. In 2004, rail transport increased disproportionately in comparison with road transport.

Consignments are also transported from the regional distribution centres to the sales outlets by rail in some cases, for instance goods from the Upper Valais are carried by rail to Brig, before being delivered to the sales outlets by truck. Since the opening of the Vereina Tunnel, the Engadine has been supplied by rail from Chur.

Rail accounts for slightly less than one third of transports from the national to the regional distribution centres.

HiCoPain AG produces frozen dough products for Coop

Coop is withdrawing from the long-life baked goods production business and now produces only freshly baked goods itself. In collaboration with Hiestand AG, Coop founded the jointly owned subsidiary HiCoPain AG for the production of frozen dough products. The manufacturing facility in Dagmersellen came on stream at the end of 2004. As a result of this streamlining of the production of frozen dough products and the resulting restructuring of fresh baked-goods production, the bakery in Kriens was closed down. The employees affected by these measures were offered jobs in Dagmersellen and other Coop bakeries.

In collaboration with Hiestand AG, Coop founded the jointly owned subsidiary HiCoPain AG for the production of frozen dough products.

Property

Focus on properties needed for business operations

The Property Business Unit professionally manages Coop's entire property portfolio in the interests of Coop's core business and is responsible for functions such as securing of locations, project development, building management, contract management, management of the largest shopping centres and portfolio optimization. In 2004, it implemented a large number of projects in the framework of Coop's Property Strategy, which envisages Coop focusing in the long term on properties that are needed for its business operations. By disposing of properties not required for its operations, Coop frees up financial resources that it can invest in refurbishing existing sales outlets or in building new ones. In 2004, the Property Business Unit completed seven large-scale projects, the largest of which was the shopping centre in Tenero. At the end of the year, five major projects were still under construction, including the Wankdorf shopping centre in Berne and the Western Switzerland distribution centre in Aclens. Eight other large projects are on the drawing board.

Bell Group

Tighter operating conditions

In 2004, sales of the Bell Group were virtually unchanged at 1.53 billion Swiss francs. Sales in terms of volume were down year-on-year. Earnings also fell short of expectations at 36 million Swiss francs, about 26% less than in the previous year.

Persistently high prices weighed on consumer sentiment, and private consumption remained at the previous year's level. An intensive series of special offers to retailers prevented major drops in volume-based sales.

Higher prices for raw materials – up approximately 16% on average for beef and at times for pork as well – increased the pressure on margins. Because of the fierce competition in the sector, it was not possible to pass on these higher prices to consumers. There was a surprisingly big drop in poultry sales, particularly of imported meat, in the first half of the year.

In 2004, Bell implemented the new brand strategy according to plan. A successful new advertising concept was initiated in the fourth quarter.

In January, Coop and the Rewe Trading Group agreed to establish a joint venture in the catering-supplies field. For this purpose Coop acquired the Bell Gastro Service and integrated it into the newly founded transGourmet Holding AG.

In January, Coop and the Rewe Trading Group agreed to establish a joint venture in the catering-supplies field.

Coop's production companies

At the beginning of 2004, production companies that had previously operated as wholly owned subsidiaries were integrated into Coop. The former subsidiaries will henceforth operate as separate divisions and profit centres within the Logistics/IT/Production Business Unit.

Swissmill

Flour blends, semolina, maize, oats, extruded products, durum wheat flour.

Swissmill increased annual output in 2004 by approximately 5% to 200,000 tonnes, the highest since the company was set up. In the year under review, Swissmill built a high-rise warehouse with room for 3,000 pallets.

Chocolats Halba

Chocolate bars, chocolates, festive assortments, chocolate for industrial purposes (couverture, fillings).

Halba invested substantial sums in renovating the roasting plant and the mechanical processing plant for cocoa solids. As part of its IFS (International Food Standard) certification, Chocolats Halba uses system-based analysis to ensure the traceability of the raw materials it uses.

Nutrex

Table vinegar, alcohol vinegar, vinegar for pickling, cleaning and descaling.

In the past year, Nutrex consolidated its already strong position in the Coop Naturaplan vinegar specialities range and acquired new customers with its special vinegars for the food industry. In December 2004, Nutrex achieved a milestone in its quality management policy when it was certified to IFS (International Food Standard).

CWK

Cosmetics, household cleaning products, industrial cleaners.

CWK felt the harsher operating environment in 2004. Despite a weaker summer than in 2003, the Sherpa Tensing sun block, CWK's second-strongest brand in the Coop range, further expanded its market position and gained market share. CWK again increased sales of the Oecoplan detergents and cleaning agents it produces for Coop.

Pasta Gala

Pasta, semi-finished products for ready-made meals and soups.

A full range of advertising measures resulted in a marked rise in sales compared with the previous year. Exports were also up slightly on the year-back figure. In 2004, Coop invested substantial sums in Pasta Gala, including replacement of the entire packaging plant for long goods and of the automated palleting systems for three production lines.

Steinfels Cleaning Systems

Detergents and cleaning products for bulk users, site/building cleaning, consulting.

SCS maintained its good market position in the catering and health markets. It grew its market share in the most important product group, kitchen hygiene. The building-cleaning business posted gratifying growth, whereas textile cleaning/industrial laundries business and food-processing industry business reported a market decline in sales.

Reismühle Brunnen

Different varieties of rice, rice blends, ready-made meals. Output fell by about 10% to approximately 9,200 tonnes compared with the previous year.

Two new specialities were developed; Red Camargue Rice and Basmati Mix, a blend of Indian basmati rice and wild rice. After intensive groundwork, Reismühle Brunnen launched Basmati rice on the market as a fair-trade product sold under the Max Havelaar label. With its expanded range Reismühle Brunnen now offers the largest selection of rice products in Switzerland.

Argo

Tights, stockings, socks.

The Argo hosiery factory ceased production on 30 November 2004. Despite last year's attempt to stay in business despite growing pressure from foreign competitors by outsourcing the knitting and sewing plants, there was no alternative but to cease operations.

Primary-Materials Purchasing

Purchase and sale of raw materials, banana-ripening plant.

Coop Primary-Materials Purchasing has been part of the Logistics/IT/Production Business Unit since January 2004. The coffee roasting plant is to be closed down at the end of 2005. SKR AG, a member of the European Drie Mollen group, will be responsible for production in Switzerland. Employees will be offered jobs elsewhere at Coop and at SRK AG.

Coop creates more traineeships

By 2008, Coop plans to create an additional 500 traineeships as well as the 2,000 that are already in place. This means that a further 125 traineeships will be created in each of the next four years. Coop is therefore actively supporting nationwide efforts to offer a training position to as many school leavers as possible. But Coop's commitment does not end with the completion of a traineeship: wherever possible, Coop then offers the trainee a job.

It is, however, becoming increasingly difficult to find suitable candidates and Coop was unable to fill all the apprenticeship positions available in the year under review.

Coop is actively supporting nationwide efforts to offer a training position to as many school leavers as possible.

Verkauf.CH, the new basic training for sales staff

In 2004, Coop made a decisive contribution to "Verkauf.CH", the new basic training scheme for retailing staff. This new sales traineeship takes three years to complete. The successful trainee can then go on to take the vocational school-leaving certificate and even study retail business management at a university of applied sciences. The two-year training leads to a certificate that will no longer be recognized as a federal apprenticeship. However, Coop will continue to offer both options.

Coop has done all the necessary groundwork for the introduction of the new traineeship scheme, and so there is no obstacle to the launch in August 2005. A key feature of the new traineeship is a three- to six-month training period which all future trainees (the new designation for apprentices) will complete at another sales outlet.

Wage increases and extension of collective employment agreement

Coop's headcount at the end of 2004 was some 6% down on the year-back figure due to the "CoopForte"-driven optimization of processes and to restructuring in sales, logistics and production. It was achieved mainly by natural fluctuation of over 10%, normal retirement, and early retirement on generous terms. In addition, jobs were created in companies that have taken over Coop functions.

Coop engages in regular dialogue with employee representatives in a spirit of partnership. Cooperation with the different employee organizations was again good in 2004.

Coop had already agreed well in advance with the negotiating partners KV Schweiz (Swiss commercial association), Syna/OCST (trade unions) and VdAC (Coop's own in-house employee association) that the collective employment agreement scheduled to expire at the end of 2005 was not to be terminated but would be extended for a further year, i.e. to the end of 2006. After tough but fair negotiations, Coop also agreed to increase its total payroll by 1.5%, with effect from the beginning of 2005. The negotiating partners attached particular importance to increasing the wages paid to female staff. Of the 1.5% increase in the payroll, 0.3% was reserved for individual and structural improvements to women's wages, while 1% went to individual, performance-based pay rises. A further 0.2% was available for individual and structural improvements to wages in the 3,900–4,800 Swiss francs range. Wages paid by the hour were raised across the board by 1%.

In 2004, a total of 785 administrative staff each completed a two-day spell at a sales outlet.

Administration at the sales front

In 2004, a total of 785 staff each completed a two-day spell at a sales outlet. The primary aim was to let them sample the atmosphere of a POS and show them the impact of their own work on sales. Many of the insights gained by the seconded staff can be applied to the day-to-day work and create a better understanding of the processes involved.

CPV/CAP: integration of EPA pension fund

In 2004, the EPA pension fund with its approximately 2,100 insured active members and 1,500 or so pensioners was integrated into the CPV/CAP, the pension fund organization of the Coop Group. Also integrated into the CPV/CAP were EPA pension fund assets of about 460 million Swiss francs. At the end of 2004, the CPV/CAP comprised approximately 33,600 active insured members and about 13,800 current pensioners. The CPV/CAP reported total assets amounting to a good 5.8 billion Swiss francs.

Owing to the poor development of investments in the financial markets, 2004 ended with a shortfall of 37 million Swiss francs, which corresponds to 0.65% of calculated obligations.

The Board of Directors of the CPV/CAP decided to leave the interest on retirement savings capital at 2.75%, which is still 0.25% higher than the minimum interest rate laid down by the Federal Council. For reasons connected with its policy on reserve capital, the CPV/CAP also decided not to raise current pensions paid out in 2005.

The number of disability pensions continued to grow rapidly, with the CPV/CAP also taking over about 200 such pensions from the EPA pension fund. The total of 360 additional disability pensions reveals a trend that has been growing unabated for years. A decision was therefore taken to increase risk premiums by 1% of insured salary, with effect from January 2005.

Coop Forte Magazine even more on the ball

The Coop Forte magazine provides information for employees of the Coop Group in three languages, six times a year and with a print-run of 65,000. Starting this year, it has been revamped and is now published in six regional editions. The new sections have met with a good response from the readership. They include articles on individual sales outlets, cookery sessions with staff members, a forum page for readers' contributions and a guest column.

Environmental protection

Energy consumption for heating and electricity up, CO₂ emissions down

Coop's energy consumption as a whole presented a diverse picture in the year under review. Overall consumption for heating purposes was slightly up, while CO₂ emissions were slightly lower. But there was a substantial rise in electricity consumption.

Despite a marked year-on-year increase in floor-space in the period under review from July 2003 to June 2004 (first-time integration of Waro and EPA) and a cold winter, sales outlets posted only a slight rise in energy consumption for heating purposes. There was even a substantial fall in specific CO₂ emissions. This success was due to the new energy management system already installed in 180 sales outlets that are now heated with heat recovered from refrigeration systems, compressors and lighting. Electricity consumption presented another picture, with a marked increase attributable to the greater floor-space and the hot summer.

Energy consumption also varied at the distribution centres and production plants. Site relocations and parallel operations led to massive increases in consumption in a number of distribution centres. There were, however, substantial improvements as well. The production and distribution centre in Pratteln modernized its heating and process-energy plant, switching from gas and oil to heat recovered from the nearby sludge-incineration plant. As a result, consumption of energy for heating purposes fell by 8% and CO₂ emissions by 17%. At the Basel-Lysbüchel distribution centre, about 7% of heat requirements are now covered by waste heat from the bakery ovens. Panofina industrial bakery improved heating efficiency by replacing hot steam with high-pressure pumps to moisturize the automated fermenters.

CO₂ target agreements: successful audit

The audit to establish whether the targets drawn up in cooperation with the Business Energy Agency meet the commitment requirements was performed in March 2004. The targets were accepted, making Coop the first large retailer to have Group-wide CO₂ target agreements recognized by the Confederation. In the consultation exercise for the proposed CO₂ levies, Coop advocated a moderate charge that would neither redirect cross-border “refuelling” nor increase cross-border shopping.

Coop is the first large retailer to have Group-wide CO₂ target agreements recognized by the Confederation.

Higher recycling quotas

The recycling quota at the production plants rose to 78%, with a good two thirds going to animal feed. The quota at distribution centres, including returns to sales outlets, fell slightly to 57%. However, more plastic foil, cardboard and paper were recycled.

Customers returned two times as many PE milk bottles, boosting the return quota from 25% in the previous year around 50% in 2004. In addition, 8% more batteries and 2% more electrical appliances and electronic equipment that had outlived their usefulness were returned. The introduction of the advance recycling charge (vRG) on toys and garden and DIY appliances at the beginning of 2005 did not encounter any problems. The organization of an advance recycling charge on lamps and lighting equipment has been under discussion since mid-2004. Here, too, the retail trade advocates cooperation with the S.EN.S (Swiss Waste Disposal Foundation). On recycling and littering issues, Coop cultivates constructive cooperation with the responsible recycling organizations, the Association of Swiss Cities and the “Pusch” Foundation for Practical Environmental Protection in Switzerland.

Disproportionate rise in rail transport

Rail traffic between the national and regional distribution centres grew at a relatively faster pace than road haulage in 2004.

Traffic between the regional distribution centres and the sales outlets required more kilometres to be travelled by Coop’s fleet of trucks and correspondingly more fuel. Though specific fuel consumption per kilometre was only marginal better, there was still an improvement of 3% in relation to sales.

Social responsibility

Socio-ethical sourcing thanks

to worldwide standards of social accountability

Coop’s efforts in the field of sustainable sourcing have been focused in recent years on the flagship labels, with which Coop is now a world leader. In parallel, however, Coop has also tightened up the requirements that its standard range has to satisfy.

It has, for instance, set up a sustainable-sourcing steering committee which aims in particular to multiply the experience gained from two pilot projects focusing on textiles and vegetable production respectively. As a relatively small provider by world standards, Coop is having difficulty in ensuring compliance with the guidelines on ecological and socio-ethical sourcing that it approved in 2002. At the beginning of 2005, it therefore became a signatory to the “Business Social Compliance Initiative” (BSCI), a monitoring system developed jointly by European companies.

Social responsibility was also an important topic in agriculture. Together with EurepGAP, Coop conducted pilot audits of three business partners in southern Spain and their suppliers. The experience gained in the pilot project will be brought to bear in the EurepGAP certification standards. EurepGAP stands for Good Agricultural Practices of European retailers and has until now focused on regulating ecological issues relating to the cultivation, hygiene and quality of products. It will also provide a common basis for integrating social criteria into the BIO SUISSE guidelines.

Textile industry Code of Conduct geared to SA 8000

Naturaline business partners and their suppliers were again monitored for compliance with the textile industry Code of Conduct in 2004. The purpose of such checks is to ensure that all Naturaline partners meet the requirements of SA 8000 certification. One business partner in China was already certified to the standard in the summer of 2004. This supplier was assisted and supported by Coop over a period of two years. A total of four Naturaline partners have now been certified to SA 8000. The monitoring programme will be gradually extended to the remaining textile suppliers as well. The focus will be on firms in the Far East, a risk analysis based on self-assessments having shown that the need for action is greatest in this region. From 2005 on, the audits will be coordinated with BSCI, which means that the monitoring programme can be implemented much more rapidly.

The purpose is to ensure that all Naturaline partners meet the requirements of SA 8000 certification.

Sustainability

Coop's Sustainability Report wins plaudits

In September 2004, Coop presented its first sustainability report to an interested public. The report provides a broad insight into the economic, ecological and social achievements of the Coop Group. It was drawn up in conformity with the internationally recognized "Global Reporting Initiative" (GRI) criteria. In February 2005, Coop was awarded the prize for the best sustainability report by öbu, the Swiss Association for Ecologically Aware Company Management.

In February 2005, Coop was awarded the prize for the best sustainability report.

New projects for Coop Naturaplan Fund

Coop's commitment to the well-being of the environment, people and animals is reflected in the Coop Naturaplan Fund, with which it supports major projects with a sustainability dimension to them to the tune of ten million Swiss francs each year at least until 2012. Half the money is devoted to projects and activities that promise medium- or long-term benefit to consumers, producers and Coop itself. The other half goes to projects of a purely developmental nature. Coop Naturaplan Fund supported the following organizations and projects in 2004:

BioRe Foundation:

bioRe Demofarms – new training centres in the form of demonstration farms for cotton producers in Maikaal, India, and Meatu, Tanzania, the areas where Coop Naturaline organic cotton is grown.

Farms in the Altishofen region of Lucerne

Installation of a community biogas plant, including a combined heat and power plant and production of bio-slurry that can be certified as an organic fertilizer and used in farming and horticulture.

BIO SUISSE

planète bio suisse – hands-on experience for school classes on organic farms. Group activities that promote a better understanding of organic farming.

BIO SUISSE, Demeter,

Research Institute for Organic Farming (FiBL)

Pilot project: final year of two-year basic agricultural course leading to a federal qualification as a farmer specialized in organic methods.

Naturland – Association for Organic Agriculture (Germany)

Development of scientific bases for organic aquaculture, prevention/treatment methods not involving antibiotics, and preservative-free food processing.

ProSpecieRara

Preserving and promoting the biodiversity of plant and animal life through demonstration gardens and farms, and networking the different locations, including the showcase orchard in Zofingen, by communication measures.

WWF

Soya farming destroys tropical forest – Promoting sustainable cultivation of soya in South America without having to clear rain forests.

For further information on Coop Naturaplan Fund, go to www.coop.ch/nachhaltigkeit.

Project example 1: 1,500 young people plunged into the world of organics

The aim of the “planète bio Suisse” project realized jointly by BIO SUISSE and Coop is to give young people a sensual and emotional feel for the exciting world of organic farming. “planète bio Suisse” toured eleven regions of the German- and French-speaking parts of Switzerland in 2004. Exhibitions and workplaces were installed for the young visitors in caravans at selected organic farms. They were given an opportunity to research, observe and cook. In the course of one day, they were able to familiarize themselves with the organic cycle, seeing for themselves that organics was both a modern management method and a pleasurable and exciting lifestyle choice.

BIO SUISSE's aim in developing the project is to introduce young people to organic farming and organic products and break down preconceived ideas about the subject. Investigations have shown that young people are very poorly informed on the environmental added value of organic farming. The “planète bio Suisse” project will tour Switzerland again this summer.

Coop supports major projects with a sustainability dimension to them to the tune of ten million Swiss francs each year at least until 2012.

The aim of the “planète bio Suisse” project realized jointly by BIO SUISSE and Coop is to give young people a sensual and emotional feel for the exciting world of organic farming.

Project example 2: aiming for sustainable soya

Under an initiative launched by Coop and the WWF, sustainable soya should become the standard in Switzerland in the near future. Through the realization of a number of projects and the commissioning of a feasibility study, Coop is promoting the cultivation of sustainable soya in Brazil – soya that does not require tropical forests to be cleared or valuable savannah to be misappropriated. WWF and Coop have cooperated in drawing up criteria for the sustainable production of soya. These “Basel criteria” will enable sustainable soya to be used in animal husbandry and food production, provided the requirements of technical feasibility and marketability are met. Coop played an active part in the international round-table discussions held in Foz do Iguaçu (Brazil) in March 2005 that brought together stakeholders from the cultivation, processing and trade sectors and NGOs active in the environmental and social fields. Discussions conducted by Coop with the Swiss animal-feed industry, which is also interested in sustainable soya, were very successful.

Social commitment

Help for mountain farmers from Coop Sponsorship

Coop Sponsorship for Mountain Regions is a cooperative society set up to assist Alpine farmers by providing residual financing for building projects. Since Coop pays the operating costs of Coop Sponsorship, every Swiss franc donated benefits Switzerland's mountain farmers in full.

In 2004, Coop Sponsorship received a record level of donations to the value of 2.7 million Swiss francs. The takings from the traditional Swiss National Day "Weggen" campaign (involving the symbolic donation of a loaf of bread) at Coop sales outlets were passed on to five self-help projects involving mountain farmers and their families in the Canton of Obwalden. Coop Sponsorship is also collaborating with the Swiss Red Cross on the "working poor" project "Zwei Mal Weihnachten" (which translates roughly as "Two Times Christmas") until the end of 2005.

Combating growing poverty with "Swiss Tables" and "Table-Be-Set"

Since January 2005, Coop has provided crucial financial backing for the "Swiss Tables" and "Table-Be-Set" projects, thereby extending its commitment to combat growing poverty in Switzerland. Thanks to this additional support, the two organizations are able to step up their community-service activities and extend them to western Switzerland. They are active in various Swiss towns, collecting surplus, but perfectly fresh, food every day and distributing it directly to needy individuals or to institutions such as emergency shelters, accommodation for the homeless, soup kitchens and charitable organizations.

Since January 2005, Coop has provided crucial financial backing for the "Swiss Tables" and "Table-Be-Set" projects.

Help after the seaquake in Southeast Asia

Coop also took part in the worldwide expression of solidarity that followed the devastating seaquake in Southeast Asia on 26 December. Together with the Swiss Red Cross, Coop organized the air transport of 26 tonnes of urgently needed relief aid worth 250,000 Swiss francs to Sri Lanka. It also donated a further 250,000 Swiss francs to the Swiss Solidarity fund-raising organization for a reconstruction project in the crisis region.

Arts and sports sponsorship

Traditional sports in Central Switzerland...

The triennial Federal Swiss Wrestling and Alpine Games Festival was staged last summer in Lucerne, with Coop sponsoring the “Schwinger [Wrestler] King”. Some 88,000 spectators followed the occasion in the arena and 540,000 viewed it on television. Coop was the Principal Sponsor of this traditional event and, together with Bell, was also responsible for the meat and bakery products part of the catering. In addition, Coop featured as a sponsor in the 16-hour live TV broadcast on SF1. In August, Coop and Bell included special products in its August offering such as “Schwinger sausage”, “Schwinger cheese” and “Alpine bread”, which posted good sales.

Coop concentrated its sports sponsorship on beach volleyball and cross-country skiing.

...and beach volleyball in Athens

Coop concentrated its sports sponsorship on beach volleyball and cross-country skiing. The Coop-backed beach volleyball team of Patrick Heuscher and Stefan Kobel enjoyed their best year in 2004, winning the bronze medal at the Olympic Games in Athens and being voted “Team of the Year” at the Swiss Sports awards.

In winter, Swiss cross-country skiing – with the Engadine Ski Marathon as the highlight of the year – can continue to count on Coop's backing. Another example of Coop's commitment to popular sport is the Swiss Alpine Marathon staged in the Davos region, with over 4,500 participants taking part in the 2004 event, of which Coop was the Principal Sponsor. This major running event with its mountain setting offers challenges for top-class and amateur runners alike, plus an attractive programme for spectators.

Good music and good wine

In the summer, Ascona again assumed its role of world capital of traditional jazz with the 2004 “New Orleans Jazz Ascona” festival, the second to benefit from Coop sponsorship. “Wineshop” was the heading for Coop's activities at this Ticino event, with visitors having an opportunity to sample and order wines. With its presence on the banks of Lago Maggiore Coop communicated its standing as the leading company on the Swiss wine market.

In the French-speaking part of Switzerland, the Live Music Production concerts again sponsored by Coop in 2004 enjoyed great popularity among people of all age. The events featured singers and groups such as Phil Collins or the Irish band The Corrs.





Coop supermarket, St. Moritz, Canton of Graubünden, 1,827 metres above sea level





Interdiscount XXL, Basel Marktplatz, Canton of Basel-Stadt, 260 metres above sea level





Coop City department store, Schaffhausen, Canton of Schaffhausen, 404 metres above sea level





Coop supermarket, Uettiligen, Canton of Berne, 562 metres above sea level





Coop Pronto petrol station, La Tour-de-Trême, Canton of Fribourg, 741 metres above sea level





Coop building and hobby centre, Brig-Glis, Canton of Valais, 681 metres above sea level





Coop supermarket, Zurich Bahnhofbrücke, Canton of Zurich, 409 metres above sea level





Coop supermarket, Coop building and hobby centre, Toptip and Coop Pronto petrol station, Rhymark, Feuerthalen, Canton of Schaffhausen, 414 metres above sea level

Corporate Governance

The report on the corporate governance of the Coop Group follows the guidelines of the SWX Swiss Exchange, which were drawn up in accordance with the Swiss Federal Act on Stock Exchanges and Securities Trading. This law has been in force for joint stock companies and companies that have issued participation certificates or non-voting dividend rights certificates since July 2002.

As a cooperative, Coop is not included in the companies listed in the aforementioned definition. Nonetheless, as Coop voluntarily applies the provisions of the new Federal Swiss Stock Exchange Law, it observes the guidelines on corporate governance and thus offers all groups interested in the company the greatest possible transparency. Coop takes the trust of all its stakeholders very seriously. These stakeholders include the banks as providers of capital, Coop's suppliers as business partners, the state as legislative and controlling authority and, of course, Coop's customers, who reward transparent, farsighted business practices and thereby secure the continued existence of the Group.

The only company in the Coop Group that has issued SWX-listed equities is Bell Holding AG. Specific details on the company's corporate governance may be found in its annual report and at its website, www.bell.ch.

Group structure

The Group structure can be seen in the list of Coop companies provided in the consolidated annual accounts.

Changes in the consolidated Coop companies can be found on page 108.

There are no crossholdings between Coop companies.

Capital structure

The capital structure can be seen in the consolidated balance sheet (page 93) and the notes to the consolidated balance sheet (pages 100–104).

Board of Directors

See Coop executive bodies and Coop Delegate Assembly on pages 112 and 113.

Edgar Spicher stepped down from the Board of Directors for age-related reasons at the end of 2004. In line with the Articles of Association, he was not replaced. Accordingly, the Board of Directors has 17 members at present.

Anton Felder

Born 1948. Swiss.

Swiss diploma in accounting and controlling

Full-time Chairman of the Board of Directors of Coop

Member of Board Committee

Directorships:

- Coop Personalversicherung CPV/CAP, Basle (Chairman)
- Bell Holding AG, Basle
- National Versicherungs-Gesellschaft, Basle
- Betty Bossi Verlag AG, Zurich
- Coop Mineraloel AG, Allschwil
- Coop Immobilien AG, Berne (Chairman)

Jean-Claude Badoux

Born 1935. Swiss.

Prof. Dr. Ing. ETH

Honorary President of the EPF Lausanne

Member of Board Committee

Directorships:

- Coop Immobilien AG, Berne
- Société des éditions techniques universitaires, Zurich

Other functions and offices:

- President, Commission for Professional Standards, Swiss Society of Engineers and Architects (SIA), Zurich
- Honorary Consul of South Korea for culture, science and technology

Stefan Baumberger

Born 1948. Swiss.

Dipl. Chem. HTL

Managing Director, Hänseler AG, Herisau

Member of Board Committee

Directorships:

- Bell Holding AG, Basle
- Coop Immobilien AG, Berne
- Hänseler Holding AG, Herisau
- Appenzeller Bahnen AG, Herisau
- Steinegg AG, Herisau

Silvio Bircher

Born 1945. Swiss.
lic. rer. publ.
Consultant and publicist
Former govt. and national councillor
Member of Board Committee

Directorships:

- Coop Immobilien AG, Berne

Paul Flubacher

Born 1936. Swiss.
Retired management executive

Diego Giulieri

Born 1941. Swiss.
lic. oec. HSG
Retired bank director
Member of Board Committee

Directorships:

- Coop Immobilien AG, Berne

Felix Halmer

Born 1952. Swiss.
Commercial employee.
Buyer
Employee representative on the Board of Directors

Other functions and offices:

- Chairman, Association of Salaried Employees of Coop
- Chairman, Association of Salaried Employees for the Basle Region

Edgar Hofer

Born 1940. Swiss.
Retired trade union secretary

Walter Holderegger

Born 1943. Swiss.
Engine driver BLS (Berne-Lötschberg-Simplon Railway)

Other functions and offices:

- Chairman, Vereinigung Cerebral (Swiss Association for the Cerebrally Handicapped), Berne
- Board member, Gewerkschaftsbund Berner Oberland (Federation of Trade Unions of the Bernese Oberland)
- Municipal councillor, Spiez

Hansjürg Käser

Born 1956. Swiss.
Head, Transport Aid (THM) Pool
Employee representative on the Board of Directors

Other functions and offices:

- VHTL Section, Coop

Irene Kaufmann

Born 1955. Swiss.
Dr. oec. publ.
Corporate consultant
Vice Chairwoman of the Board of Directors
Member of Board Committee

Directorships:

- Bank Coop AG, Basle
- Coop Immobilien AG, Berne

Other functions and offices:

- Member of the Foundation Board of Juventus Schools, Zurich

Lillia Rebsamen

Born 1953. Swiss.
Businesswoman

Jean-Charles Roguet

Born 1942. Swiss.
Lawyer
Partner, Pestalozzi, Lachenal & Patry, Geneva

Directorships:

- Arn, Wutrich et Frigerio S.A., Geneva
- Coges Corratierie Gestion S.A., Geneva
- Dipan S.A., Carouge
- Dumar S.A., Geneva
- Ferrier Lullin & Cie S.A., Geneva
- Finasma Financial Asset Management S.A., Cologny
- Insiger de Beaufort S.A., Geneva
- Interswitex S.A., Geneva
- Kessler Gestion S.A., Geneva
- Label Communication S.A., Geneva
- Label Technologies S.A., Geneva
- Onyx Suisse S.A., Fribourg
- Publipartner S.A. Plan-les-Ouates
- Sarp Industries (Suisse) S.A., Geneva
- Tech Value S.A., Geneva

Eric Santschy

Born 1948. Swiss.
Commercial specialist

Giampiero Storelli

Born 1938. Swiss.
Architect

Felix Truffer

Born 1962. Swiss.
lic. iur.
Lawyer and notary
Partner Amherd, Carlen, Truffer Law Office, Brig-Glis

Giusep Valaulta

Born 1951. Swiss.
lic. iur.
Member of Board Committee

Directorships:

– Coop Immobilien AG, Berne

The following information about the Board of Directors includes references to Coop's articles of association. These can be accessed at www.coop.ch.

Election and term of office of the Board of Directors

The members of the Board of Directors are elected by the Delegate Assembly in accordance with the principles set out in Article 27 of the articles of association. The term of office for all members is four years; the current term of office ends in February 2005. The articles of association do not place any limits on re-election, but do place restrictions on the age of members (members must retire at the end of the year in which they celebrate their 70th or, from 2005, their 65th birthday).

Internal organization

The Board of Directors has 17 members at present. From the beginning of the new term of office starting on 29 April 2005 the Board of Directors will have 11 members. Until the end of the current term of office in 2005, the Chairman of the Board of Directors and the chairmen of the six regional councils, who are also members of the Board of Directors, constitute the Board Committee.

Regulation of responsibilities

In accordance with the statutory regulations for joint stock companies, the basic functions of the Board of Directors are defined in Article 29 of the articles of association and those of the Executive Committee in Article 31. The organizational regulations drawn up by the Board of Directors provide for a strict division of responsibilities between the Board of Directors and the Executive Committee in all fundamental matters such as finance, corporate strategy, human resources and organization. The Executive Committee has drawn up regulations that define in detail the operational responsibilities of the individual management levels.

Instruments of information and control over the Executive Committee

Every month the Executive Committee submits a written report to the Board of Directors with key figures on current business developments and important information on all business segments. In addition, every four months it submits reports and results in writing to the Board of Directors, which are also presented orally at meetings and discussed. The Chairman of the Board of Directors regularly attends the meetings of the Executive Committee. He is also responsible for Internal Auditing. Coop also implements procedures for regular reporting to the Board of Directors, including Balanced Scorecard reports.

Instruments of supervision and control over the auditors

As the auditors are appointed for one year, the Delegate Assembly elects the auditors each year. The full-time Chairman and the members of the Board Committee, the Chief Executive Officer and the Head of the Finances and Services Business Unit maintain regular contact with the auditors. In particular, they discuss the results of the audit. Furthermore, the work of the auditors and their independence are regularly assessed.

Executive Committee

See Management structure and Management on pages 114–116.

Jürg Peritz was appointed to the Executive Committee at the beginning of 2004, taking on responsibility for the new CCM/Purchasing Business Unit. Having reached retirement age, Hans Winiger stepped down from the Executive Committee at the end of June. The Logistics and IT/Production Business Units were merged to form the new Logistics/IT/Production Business Unit headed by Jörg Ackermann, who was also appointed Vice Chairman of the Executive Committee at the beginning of July.

Hansueli Loosli

Born 1955. Swiss.
Swiss diploma in accounting and controlling
Chief Executive Officer
Head, Retail Business Unit

Directorships:

- Betty Bossi Verlag AG, Zurich
- Further directorships of Coop subsidiaries

Jörg Ackermann

Born 1958. Swiss.
Graduate in business management (HWV)
Head of Logistics/IT/Production Business Unit
Vice Chairman of the Executive Committee

Directorships:

- Bell Holding AG, Basel (Chairman)
- Eurogroup SA, Bruxelles (Chairman)
- Eurogroup Far East Ltd, Hongkong (Chairman)
- Further directorships of Coop subsidiaries

Rudolf Burger

Born 1946. Swiss.
Commercial specialist
Head of Retail Companies Business Unit

Directorships:

- Coop Mineraloel AG, Allschwil (Chairman)
- Coop Vitality AG, Berne (Chairman)
- Further directorships of Coop subsidiaries

Jean-Marc Chapuis

Born 1954. Swiss.
lic. en sciences économiques et sociales
Head of Property Business Unit

Directorships:

- Directorships of Coop subsidiaries

Christoph Clavadetscher

Born 1961. Swiss.
Swiss diploma in commerce and retailing
Head of Trading Business Unit

Jürg Peritz

Born 1947. Swiss.

Commercial specialist

Head of Coop Category Management/Purchasing Business Unit

Directorships:

- Coop Switzerland Far East Ltd., Hongkong
- Eurogroup SA, Bruxelles
- Eurogroup Far East Ltd., Hongkong
- Stiftung bioRe, Rotkreuz
- HiCoPain AG, Dagmersellen

Hans Peter Schwarz

Born 1950. Swiss.

Swiss diploma in accounting and controlling

Head of Finance and Services Business Unit

Directorships:

- Bank Coop AG, Basle
- Bell Holding AG, Basle
- Coop Mineraloel AG, Allschwil
- Coop Vitality AG, Berne
- Further directorships of Coop subsidiaries

Management agreements

Members of the Executive Committee do not perform any operational management tasks for companies outside the scope of consolidation.

Remuneration

In 2004, the Board of Directors (18 members) of Coop received an aggregate amount of 1.3 million Swiss francs in remuneration (2003: 1.3 million Swiss francs for 19 members).

The gross salaries of Coop's Executive Committee (7 members) totalled 3.5 million Swiss francs in 2004 (2003: 3.4 million Swiss francs for seven members).

Coop is entitled to any fees paid to the Chairman of the Board of Directors and the members of the Executive Committee for activities performed as members of the Boards of Directors of Coop subsidiaries and non-Group companies. The Chairman of the Board of Directors and the members of Coop's Executive Committee do not enjoy special pension rights.

Rights of participation

The rights of participation are defined in Coop's articles of association.

Auditors

Duration of mandate and term of office of lead auditor

PricewaterhouseCoopers (PWC) has been Coop's auditors since 1994. Daniel Suter and Ralph Maiocchi have been the responsible lead auditors since 1994 and 1997 respectively.

Auditing fee

The following auditing fees were billed for services performed for 2004:

Auditing services: 1.8 million Swiss francs

Other services: 1.2 million Swiss francs

The amount billed for auditing services includes the work undertaken by the auditing company for the examination of the consolidated financial statements. This work is performed every year to enable an opinion to be expressed on the consolidated financial statements and reports to be prepared on the statutory annual accounts as required by local legislation. The auditing services also include tasks, for instance the examination of one-off transactions, that are performed exclusively by the group auditor.

Information policy

At the beginning of each year the previous year's sales are announced. The annual results conference takes place in spring and the Delegate Assembly in May. The annual report is published in April. A second Delegate Assembly takes place in December.

In addition, the delegates receive a report every four months informing them of the company's business development.

16.00



17.00



18.00



19.00





Coop Pronto at Delémont station, Canton of Jura. There's always some shopping to do. No matter how late it is.

The Coop Group in figures

- 78 Cash turnover/direct sales
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In previous years, sales outlets turnover was reported on the basis of "Sales of merchandise and services", which meant that discounts granted were included but not value-added tax. As from 2004, the basis has been changed to "Cash turnover". As a result, sales figures have been adjusted to take account of the relevant sales deductions (decrease due to the factoring out of discounts; increase by the amount of value-added tax). On balance, the result is a slight decrease of approximately CHF 200 million.

Year-back figures have been correspondingly adjusted. The following charts and diagrams therefore now specify the respective cash turnovers on a comparable basis.

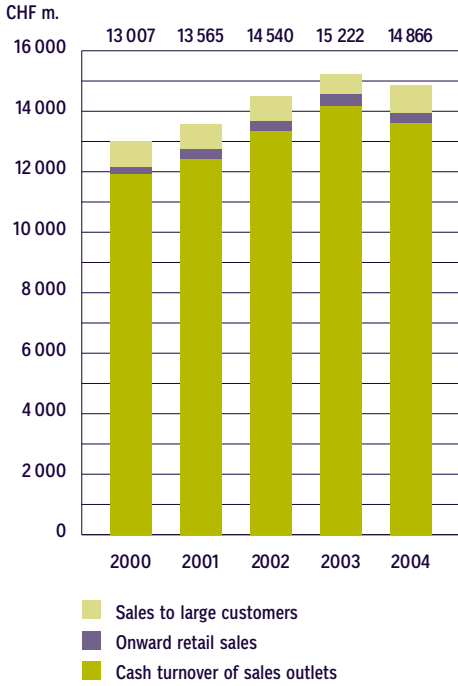
All values rounded up/down individually.

Cash turnover/direct sales

		CHF m. 2004	CHF m. 2003	Change CHF m.	Change %
<i>Megastores</i>	<i>4500–8000 m²</i>	570	526	+ 45	+ 8.5
<i>Supermarkets C</i>	<i>1800–3000 m²</i>	2 711	2 961	– 250	– 8.5
<i>Supermarkets B</i>	<i>800– 1400 m²</i>	2 781	2 781	+ 0	+ 0.0
<i>Supermarkets A</i>	<i>250– 600 m²</i>	3 516	3 736	– 220	– 5.9
<i>Supermarkets</i>		9 008	9 478	– 471	– 5.0
Megastores/supermarkets		9 578	10 004	– 426	– 4.3
Other		25	27	– 2	– 8.5
Coop Retail		9 602	10 031	– 428	– 4.3
Department stores		1 089	1 230	– 141	– 11.4
<i>Building & hobby centres</i>		619	592	+ 28	+ 4.7
<i>Toptip</i>		216	216	+ 1	+ 0.4
<i>Lumimart</i>		33	32	+ 2	+ 5.2
<i>Import Parfumerie</i>		141	142	– 1	– 0.7
<i>Other</i>		5	20	– 15	– 76.8
Superstores		1 015	1 001	+ 14	+ 1.4
Coop Trading		2 104	2 231	– 127	– 5.7
Interdiscount		829	815	+ 14	+ 1.8
Hotels		30	26	+ 4	+ 15.3
Coop		12 565	13 101	– 537	– 4.1
Alcoba Distribution SA		79	76	+ 2	+ 2.8
Andréfleurs Assens SA		7	7	– 0	– 3.4
Bell-Gruppe (POS)		17	65	– 49	– 74.7
<i>Petrol stations</i>		712	562	+ 150	+ 26.7
<i>Coop Pronto at petrol stations</i>		195	168	+ 27	+ 15.9
<i>Coop Pronto stand-alone</i>		55	41	+ 14	+ 34.5
Coop Mineraloel AG		962	771	+ 191	+ 24.8
Coop Vitality AG		20	10	+ 9	+ 86.3
Cash turnover of sales outlets		13 649	14 032	– 383	– 2.7
Remote Ordering		16	10	+ 6	+ 54.5
Onward retail sales		319	354	– 35	– 9.9
Retail turnover		13 983	14 396	– 413	– 2.9
Sales to large customers		883	827	+ 57	+ 6.9
Cash turnover/direct sales		14 866	15 222	– 356	– 2.3

Sales/retail turnover

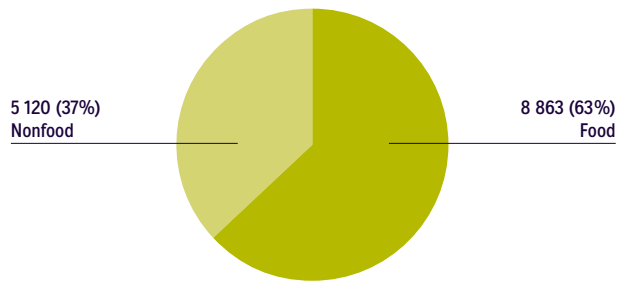
Cash turnover/direct sales



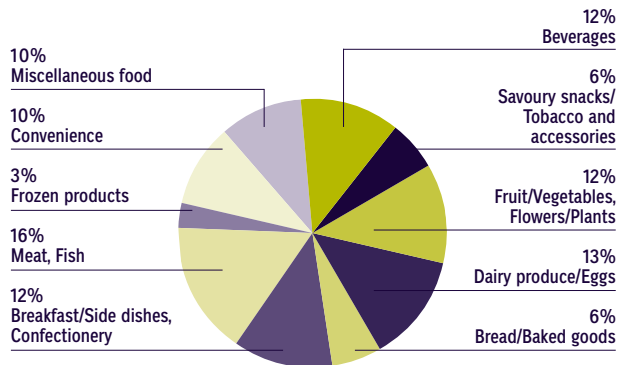
Retail turnover

by main categories

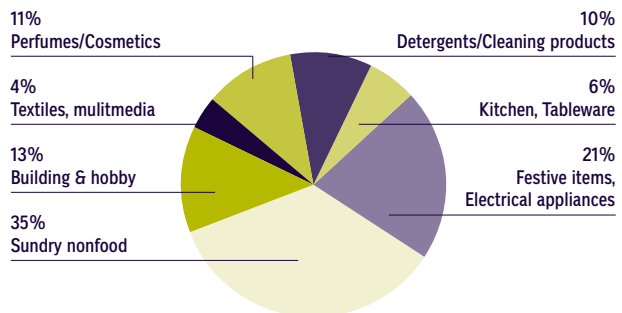
CHF m.



Food

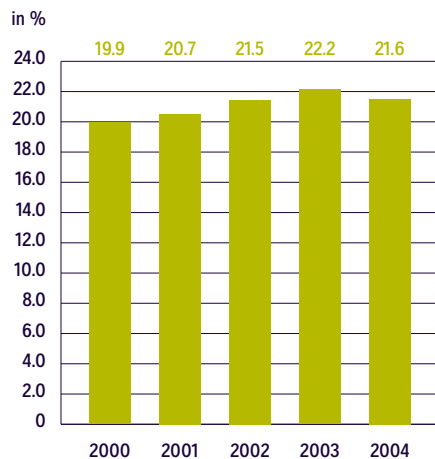


Nonfood

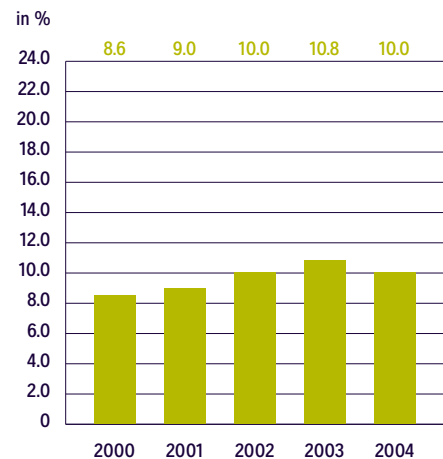


Market shares

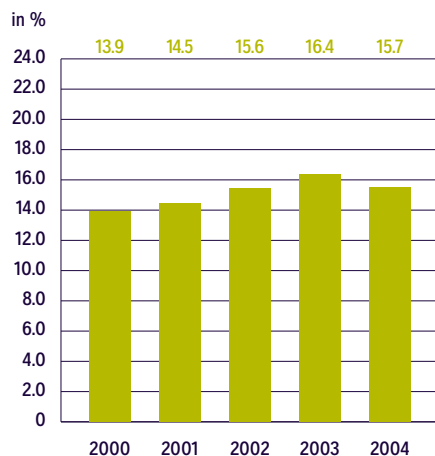
Food



Nonfood



Coop Group



CHF m.	2000	2001	2002	2003	2004
Retail turnover	12 154	12 453	13 536	14 396	13 983
./. Petrol stations, fuels	688	585	603	723	845
Coop retail trade turnover for market shares	11 467	11 868	12 933	13 673	13 138
Market volume, food	37 951	39 090	39 559	40 710	41 102
Market volume, nonfood	43 497	44 178	43 689	42 552	42 762
Total volume acc. to BAK research	81 448	83 268	83 248	83 261	83 864

Sales outlets

		Sales outlets		Sales area		Cash turnover of sales outlets			
		Number on 31 December		m ² on 31 December		CHF m.	CHF m.	%	%
		2004	2003	2004	2003	2004	2003		Share
<i>Megastores</i>	<i>4500–8000 m²</i>	12	8	65 140	43 926	570	526	+ 8.5	4.2
<i>Supermarkets C</i>	<i>1800–3000 m²</i>	81	92	233 308	270 391	2 711	2 961	– 8.5	19.9
<i>Supermarkets B</i>	<i>800–1400 m²</i>	156	164	233 728	229 953	2 781	2 781	+ 0.0	20.4
<i>Supermarkets A</i>	<i>250– 600 m²</i>	555	582	294 274	286 668	3 516	3 736	– 5.9	25.8
<i>Supermarkets</i>		792	838	761 310	787 012	9 008	9 478	– 5.0	66.0
<i>Megastores/supermarkets</i>		804	846	826 450	830 938	9 578	10 004	– 4.3	70.2
<i>Other</i>		5	26	1 665	9 167	25	27	– 8.5	0.2
Coop Retail		809	872	828 115	840 105	9 602	10 031	– 4.3	70.4
<i>Department stores</i>		44	50	156 153	170 327	1 089	1 230	– 11.4	8.0
<i>Building & hobby centres</i>		63	59	239 534	214 291	619	592	+ 4.7	4.5
<i>Toptip</i>		44	46	136 255	132 477	216	216	+ 0.4	1.6
<i>Lumimart</i>		17	16	12 856	12 280	33	32	+ 5.2	0.2
<i>Import Parfumerie</i>		87	90	8 809	9 185	141	142	– 0.7	1.0
<i>Other</i>		1	6	292	3 633	5	20	– 76.8	0.0
<i>Superstores</i>		212	217	397 746	371 866	1 015	1 001	+ 1.4	7.4
Coop Trading		256	267	553 899	542 193	2 104	2 231	– 5.7	15.4
<i>Interdiscount</i>		174	182	48 271	40 396	829	815	+ 1.8	6.1
<i>Hotels</i>		3	3			30	26	+ 15.3	0.2
Coop		1 242	1 324	1 430 285	1 422 694	12 565	13 101	– 4.1	92.1
<i>Alcoba Distribution SA</i>		2	2	9 002	9 002	79	76	+ 2.8	0.6
<i>Andréfleurs Assens SA</i>			1		10 918	7	7	– 3.4	0.1
<i>Bell-Gruppe (POS)</i>		23	38	801	3 433	17	65	– 74.7	0.1
<i>Petrol stations</i>		131	124			712	562	+ 26.7	5.2
<i>Coop Pronto at petrol stations</i>		(112)	(101)	9 246	7 863	195	168	+ 15.9	1.4
<i>Coop Pronto stand-alone</i>		24	17	3 383	2 318	55	41	+ 34.5	0.4
<i>Coop Mineraloel AG</i>		155	141	12 629	10 181	962	771	+ 24.8	7.1
<i>Coop Vitality AG</i>		11	7	2 867	1 921	20	10	+ 86.3	0.1
Subsidiaries		191	189	25 299	35 455	1 084	930	+ 16.5	7.9
Sales outlets		1 433	1 513	1 455 584	1 458 149	13 649	14 032	– 2.7	100.0

Subsidiaries/divisions/bank loans

Subsidiaries

	Net sales		Full-time	Share capital at	
	CHF m.	CHF m.	employees	31.12.2004	
				Coop holding	
	2004	2003	31.12.2004	CHF m.	%
Alcoba Distribution SA	70	68	180	4.7	50.0
Andréfleurs Assens SA	6	7	34	0.0	100.0
Bell-Gruppe	1 525	1 543	3 394	2.0	60.5
Coop Bildungszentren Muttentz + Jongny	13	12	72	0.4	100.0
Coop Mineraloel AG	1 019	851	53	10.0	51.0
Coop Vitality AG	19	11	74	5.0	51.0
Fehr & Engeli AG	1	1	3	0.1	100.0

Divisions

	CHF m.	CHF m.	Change	Change
	2004	2003	CHF m.	%
Cash turnover	829	815	+ 14	+ 1.7
Onward retail sales	36	35	+ 1	+ 2.7
Interdiscount division	865	850	+ 15	+ 1.8
Cash turnover Toptip	216	216	+ 1	+ 0.4
Cash turnover Lumimart	33	32	+ 2	+ 5.2
Onward retail sales	6	6	+ 0	+ 0.7
Toptip division	255	253	+ 3	+ 1.0

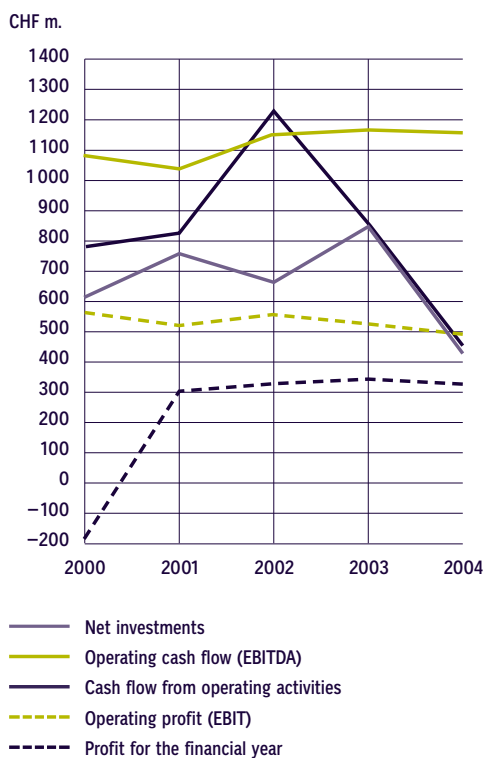
Bank loans

Status on 31 December

	Credit line		Used		Unused credit line	
	2004	2003	2004	2003	2004	2003
Big banks	670	733	66	322	604	411
Cantonal banks	743	808	437	519	305	290
Regional banks	68	78	48	58	20	20
Bank Coop	98	117	55	38	43	80
Foreign banks in Switzerland	350	350	310	340	40	10
Foreign banks	195	120	163	120	32	0
All banks	2 125	2 207	1 080	1 379	1 044	810

Key financial data / investments

Key financial data (consolidated)



Breakdown of net investments fixed assets



CHF m.	2000	2001	2002	2003	2004
Suisse Romande Region		246	203	146	130
Bern Region		85	162	123	135
Nordwestschweiz Region		269	519	384	344
Zentralschweiz-Zürich Region		141	175	113	274
Ostschweiz-Ticino Region		116	177	172	116
Gross investments fixed assets	915	856	1236	938	998
Disposal of fixed assets	- 263	- 167	- 360	- 327	- 559
Net investments fixed assets	652	689	876	611	439
Net investments in participating interests/financial investments	- 39	69	- 207	247	- 8
Net investments	613	758	669	858	431
Operating cash flow (EBITDA)	1085	1066	1151	1177	1171
Operating profit (EBIT)	570	521	563	531	491
Profit for the financial year	- 198	302	331	341	320
Cash flow from operating activities	781	832	1255	864	481

Employees

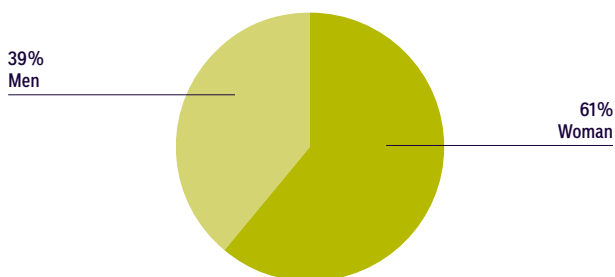
	2004	2003	Change	%
<i>SRE Suisse Romande</i>	4 052	4 363	- 312	- 7.1
<i>SRE Bern</i>	3 211	3 494	- 283	- 8.1
<i>SRE Nordwestschweiz</i>	4 065	4 312	- 247	- 5.7
<i>SRE Zentralschweiz-Zürich</i>	4 534	4 715	- 181	- 3.8
<i>SRE Ostschweiz-Ticino</i>	4 318	4 611	- 293	- 6.4
<i>Corporate Services Retail</i> ¹⁾	76	166	- 90	- 54.3
Retail	20 256	21 661	- 1 406	- 6.5
<i>Department stores</i> ¹⁾	3 661	4 033	- 372	- 9.2
<i>Building & hobby centres</i>	1 305	1 264	+ 42	+ 3.3
<i>Toptip</i>	562	544	+ 18	+ 3.3
<i>Lumimart</i>	78	84	- 6	- 7.1
<i>Import Parfumerie</i>	411	428	- 18	- 4.1
<i>Corporate Services Trading</i>	39	35	+ 5	+ 14.2
Trading	6 056	6 387	- 331	- 5.2
<i>Interdiscount</i>	1 649	1 582	+ 68	+ 4.3
<i>Logistics</i>	4 997	5 066	- 69	- 1.4
<i>Manufacturing</i>	631	678	- 47	- 7.0
<i>Other corporate services/Property Business Unit</i> ¹⁾	1 894	1 664	+ 230	+ 13.8
Coop parent company	35 482	37 038	- 1 556	- 4.2
Coop Mineraloel AG	53	51	+ 1	+ 2.8
Coop Vitality AG	74	47	+ 27	+ 58.8
Bell-Gruppe	3 394	3 693	- 299	- 8.1
Other companies	290	420	- 130	- 31.0
Full-time employees (incl. trainees)	39 292	41 249	- 1 957	- 4.7
<i>SRE Suisse Romande</i>	5 193	5 647	- 454	- 8.0
<i>SRE Bern</i>	4 297	4 702	- 405	- 8.6
<i>SRE Nordwestschweiz</i>	4 940	5 324	- 384	- 7.2
<i>SRE Zentralschweiz-Zürich</i>	6 061	6 269	- 208	- 3.3
<i>SRE Ostschweiz-Ticino</i>	5 473	5 824	- 351	- 6.0
<i>Corporate Services Retail</i> ¹⁾	76	141	- 65	- 46.1
Retail	26 040	27 907	- 1 867	- 6.7
<i>Department stores</i> ¹⁾	4 142	4 884	- 742	- 15.2
<i>Building & hobby centres</i>	1 587	1 526	+ 61	+ 4.0
<i>Toptip</i>	681	665	+ 16	+ 2.4
<i>Lumimart</i>	114	119	- 5	- 4.2
<i>Import Parfumerie</i>	513	552	- 39	- 7.1
<i>Corporate Services Trading</i>	40	45	- 5	- 11.1
Trading	7 077	7 791	- 714	- 9.2
<i>Interdiscount</i>	1 759	1 692	+ 67	+ 4.0
<i>Logistics</i>	5 354	5 636	- 282	- 5.0
<i>Manufacturing</i>	701	778	- 77	- 9.9
<i>Other corporate services/Property Business Unit</i> ¹⁾	2 183	1 966	+ 217	+ 11.0
Coop parent company	43 114	45 770	- 2 656	- 5.8
Coop Mineraloel AG	54	52	+ 2	+ 3.8
Coop Vitality AG	124	85	+ 39	+ 45.9
Bell-Gruppe	3 540	3 941	- 401	- 10.2
Other companies	326	558	- 232	- 41.6
Employees (incl. trainees)	47 158	50 406	- 3 248	- 6.4

The decline in headcount in relation to the decline in full-time employees was due mainly to reclassification/restatement of deactivated auxiliary, part-time and full-time employment contracts.

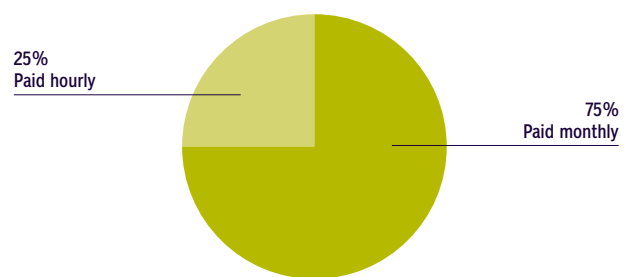
	2004	2003	Change	%
<i>SRE Suisse Romande</i>	163	173	- 10	- 5.8
<i>SRE Bern</i>	140	151	- 11	- 7.3
<i>SRE Nordwestschweiz</i>	225	235	- 10	- 4.3
<i>SRE Zentralschweiz-Zürich</i>	292	294	- 2	- 0.7
<i>SRE Ostschweiz-Ticino</i>	257	296	- 39	- 13.2
<i>Corporate Services Retail</i> ¹⁾	0	2	- 2	- 100.0
Retail	1 077	1 151	- 74	- 6.4
<i>Department stores</i> ¹⁾	166	196	- 30	- 15.3
<i>Building & hobby centres</i>	72	75	- 3	- 4.0
<i>Toptip</i>	14	12	+ 2	+ 16.7
<i>Lumimart</i>	0	0	+ 0	+ 0.0
<i>Import Parfumerie</i>	48	48	+ 0	+ 0.0
<i>Corporate Services Trading</i>	0	0	+ 0	+ 0.0
Trading	300	331	- 31	- 9.4
<i>Interdiscount</i>	300	296	+ 4	+ 1.4
<i>Logistics</i>	96	95	+ 1	+ 1.1
<i>Manufacturing</i>	14	14	+ 0	+ 0.0
<i>Other corporate services/Property Business Unit</i> ¹⁾	69	63	+ 6	+ 9.5
Coop parent company	1 856	1 950	- 94	- 4.8
Coop Mineraloel AG	2	1	+ 1	+ 100.0
Coop Vitality AG	17	12	+ 5	+ 41.7
Bell-Gruppe	51	79	- 28	- 35.4
Other companies	6	13	- 7	- 53.8
Trainees (full-time)	1 932	2 055	- 123	- 6.0

¹⁾ Reclassified to the new CCM/Purchasing Business Unit
Although additional traineeships were created, it was not possible to fill them with suitable candidates.

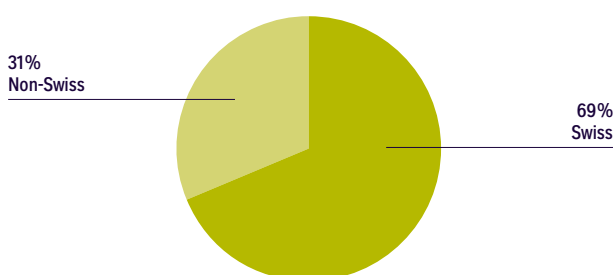
Gender



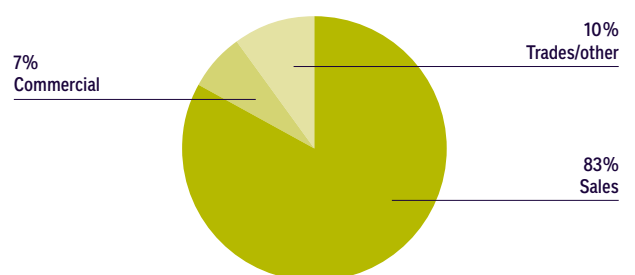
Type of employment



Nationality



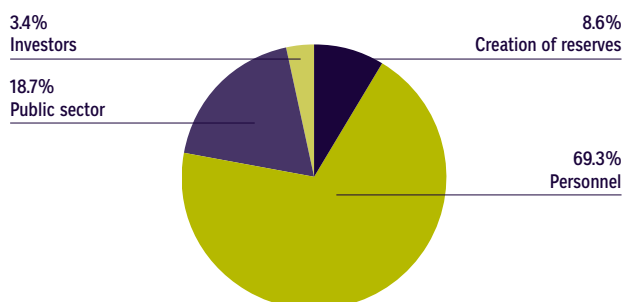
Trainees



Statement of added value

	CHF m. 2004	CHF m. 2003	Change %
Gross supplies of merchandise and services	16 539	16 672	- 0.8
<i>Merchandise</i>	- 8 867	- 9 100	- 2.6
<i>Other</i>	- 3 114	- 3 122	- 0.3
Purchase of goods and services	- 11 980	- 12 222	- 2.0
Gross added value	4 558	4 450	+ 2.4
Depreciation and provisions	- 793	- 605	+ 31.0
Net added value	3 766	3 845	- 2.1
Wages and salaries	- 2 137	- 2 223	- 3.9
Social security contributions	- 367	- 378	- 2.9
Other personnel costs	- 68	- 67	+ 1.8
Personnel discounts, incl. personnel superpoints	- 45	- 44	+ 1.3
Personnel	- 2 618	- 2 713	- 3.5
Taxes	- 83	- 84	- 1.7
Operations-related taxes, charges and fees	- 33	- 30	+ 12.7
Customs duties	- 504	- 451	+ 11.7
Value-added tax	- 85	- 95	- 10.5
Public sector	- 705	- 660	+ 6.8
Investors	- 123	- 132	- 6.8
Creation of (-)/withdrawal (+) from reserves	- 320	- 341	- 6.2
Distribution of added value	- 3 766	- 3 845	- 2.1

Distribution 2004



Development of the Coop Group

	2000	2001	2002	2003	2004	
Key financial data consolidated (CHF m.)						
Retail turnover	12 154	12 453	13 536	14 396	13 983	
Cash turnover/direct sales	12 966	13 223	14 361	15 222	14 866	
Gross supplies of merchandise and services				16 672	16 539	
Net sales	12 337	12 759	13 721	14 434	14 127	
Operating cash flow (EBITDA)	1 085	1 066	1 151	1 177	1 171	
Operating profit (EBIT)	570	521	563	531	491	
Financial results	- 171	- 191	- 166	- 98	- 103	
Profit/loss for the financial year	- 198	302	331	341	320	
Interest-bearing liabilities	5 058	4 998	4 464	4 448	4 360	
Net financial debt	4 595	4 503	4 019	4 115	4 049	
Equity incl. minority interests	2 993	3 223	3 625	3 930	4 264	
<i>Equity ratio in %</i>	<i>28,6</i>	<i>29,9</i>	<i>32,7</i>	<i>34,5</i>	<i>37,8</i>	
Total assets	10 459	10 794	11 095	11 385	11 290	
Cash flow before changes in net current assets	783	778	971	849	905	
Cash flow from operating activities	781	832	1 255	864	457	
Cash flow from investment activities	- 613	- 758	- 669	- 858	- 434	
Cash flow from financial activities	- 112	- 43	- 636	- 119	- 43	
Personnel						
Employees	(on 31 December)	45 103	46 197	49 247	50 406	47 158
Full-time employees		36 128	37 417	40 528	41 249	39 292
Member households						
	(on 31 December)	2 033 545	2 082 387	2 149 863	2 250 740	2 323 602
Market shares (%)						
Basis: market volume acc. to BAK						
<i>Food</i>		<i>19.9</i>	<i>20.7</i>	<i>21.5</i>	<i>22.2</i>	<i>21.6</i>
<i>Nonfood</i>		<i>8.6</i>	<i>9.0</i>	<i>10.0</i>	<i>10.8</i>	<i>10.0</i>
<i>Coop Group</i>		<i>13.9</i>	<i>14.5</i>	<i>15.6</i>	<i>16.4</i>	<i>15.7</i>
Sales outlets						
Sales outlets	(on 31 December)	1 610	1 597	1 487	1 513	1 433
Sales area (m ²)	(on 31 December)	1 133 931	1 188 157	1 354 405	1 458 149	1 455 584
Cash turnover (CHF m.)		11 800	12 070	13 187	14 032	13 649

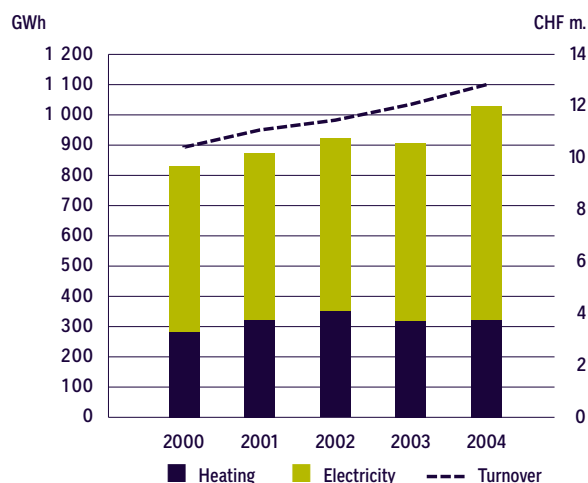
Key environmental figures

Survey period for energy data collection July to June, calendar year for other data

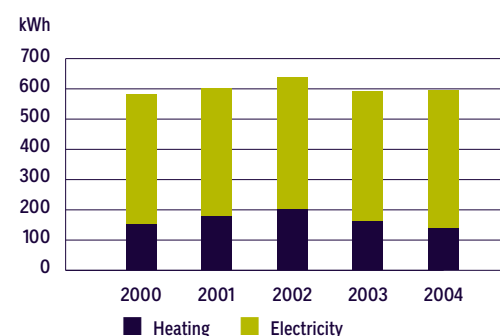
Year-back energy-related figures excl. Waro and EPA, therefore not directly comparable

	2004	2003	%
Coop flagship labels			
Sales of Coop Naturaplan (1000 CHF) ¹⁾	1 112 763	1 043 000	+ 6.7
Sales of Coop Naturaline (1000 CHF)	43 197	39 199	+ 10.2
Sales of Coop Oecoplan (1000 CHF)	93 921	80 972	+ 16.0
Sales of Max Havelaar (1000 CHF)	111 391	72 172	+ 54.3
Sales (1000 CHF) ¹⁾	1 361 272	1 235 343	+ 10.2
Electricity			
Consumption sales outlets (MWh) ²⁾	562 814	445 577	+ 26.3
Consumption distribution centres (MWh)	96 565	94 604	+ 2.1
Consumption production plants (MWh) ³⁾	40 645	40 737	- 0.2
Consumption central administration (MWh) ⁴⁾	7 346	5 151	+ 42.6
Consumption (MWh)	707 372	586 069	+ 20.7
Heating			
Consumption sales outlets (MWh)	172 934	169 208	+ 2.2
Consumption distribution centres (MWh)	108 776	108 762	+ 0.0
Consumption production plants (MWh)	32 712	31 750	+ 3.0
Consumption central administration (MWh)	4 167	4 282	- 2.7
Consumption (MWh)	318 590	314 002	+ 1.5
Per 1000 CHF of turnover			
Consumption sales outlets per m ² of sales area (kWh)	458	431	+ 6.4
Consumption sales outlets per 1000 CHF of turnover (kWh)	46	39	+ 18.4
Consumption production plants per 1000 CHF of turnover (kWh)	77	78	- 0.7
Per 1000 CHF of turnover			
Consumption sales outlets per m ² of sales area (kWh)	141	164	- 14.0
Consumption sales outlets per 1000 CHF of turnover (kWh)	14	15	- 4.2
Consumption production plants per 1000 CHF of turnover (kWh)	62	61	+ 2.6

Total energy consumption,



Energy consumption per m² of sales area



	2004	2003	%
Energy (electricity + heating)			
Consumption sales outlets (MWh)	735 749	614 785	+ 19.7
Consumption distribution centres (MWh)	205 341	203 366	+ 1.0
Consumption production plants (MWh)	73 385	72 487	+ 1.2
Consumption central administration (MWh)	11 514	9 433	+ 22.1
Consumption (MWh)	1 025 961	900 071	+ 14.0
CO₂ emissions			
Emissions (t) sales outlets	38 754	39 510	- 1.9
Emissions (t) distribution centres	18 124	17 931	+ 1.1
Emissions (t) production plants	5 900	5 805	+ 1.6
Emissions (t) central administration	560	576	- 2.8
Emissions (t)	63 338	63 822	- 0.8
Water			
Consumption distribution centres (m ³)	419 154	481 195	- 12.9
Consumption production plants (m ³)	149 507	167 424	- 10.7
Consumption central administration (m ³)	13 827	14 948	- 7.5
Consumption (m ³)	582 488	663 567	- 12.2
Diesel consumption by goods vehicles per 100 km (in litres)	32	33	- 0.9
Percentage of waste recycled			
Distribution centres incl. consignments from sales outlets	57	59	- 3.8
Other distribution centres	72	66	+ 8.5
Production plants	78	76	+ 3.3
Central administration	36	30	+ 19.8

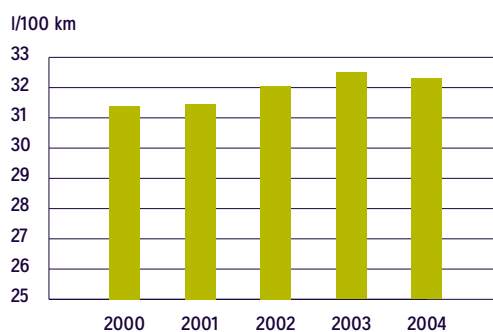
¹⁾ Sales of Naturaplan meat are now calculated on the basis of sales to customers rather than by consignments. Year-back figures have been correspondingly adjusted.

²⁾ Supermarkets, department stores, building and hobby centres

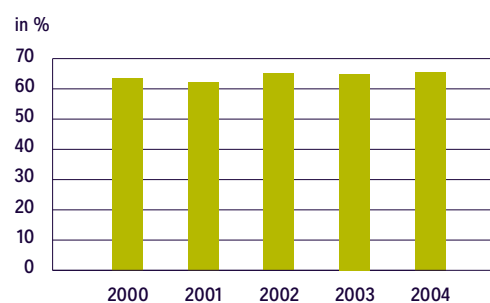
³⁾ Banana ripening plant, Chocolats Halba, CWK, Nutrex, Panofina, Pasta Gala, Reismühle Brunnen, SCS, Swissmill

⁴⁾ Locations in Basel

Specific diesel consumption by goods vehicles



Percentage of waste recycled, overall



Consolidated annual accounts of the Coop Group

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All values rounded up/down individually

Consolidated profit and loss account

	Notes	CHF m. 2004	Share %	CHF m. 2003	Share %
Gross supplies of merchandise and services ¹⁾		16 539		16 672	
Sales deductions ¹⁾	1	– 2 412		– 2 238	
Net sales	2	14 127	100.0	14 434	100.0
Merchandise expense		– 9 371		– 9 551	
Gross income		4 756	33.7	4 883	33.8
Other operating income	3	625		603	
Personnel costs	4	– 2 573		– 2 668	
Advertising costs		– 365		– 355	
Other operating expenses	5	– 1 273		– 1 285	
Operating cash flow (EBITDA)		1 171	8.3	1 177	8.2
Depreciation	6	– 679		– 646	
Operating profit (EBIT)		491	3.5	531	3.7
Financial income/expense	7	– 103		– 98	
Non-operating income from property transactions	8	13		23	
Other non-operating result	9	74		6	
Pre-tax profit/loss		474	3.4	462	3.2
Taxes	10	– 124		– 108	
Profit/loss after taxes		351	2.5	353	2.4
Minority interests in profit/loss		– 31		– 12	
Profit/loss for the financial year		320	2.3	341	2.4

¹⁾ Adjusted in accordance with note 1. Year-back figures have been correspondingly adjusted. From "Net sales" on, year-back figures remain unchanged.

Consolidated balance sheet

On 31 December

	Notes	CHF m. 2004	Share %	CHF m. 2003	Share %
Liquidity	11	311		332	
Trade debtors	12	277		355	
Other debtors	13	399		210	
Stocks	14	1 573		1 526	
Current assets		2 560	22.7	2 424	21.3
Intangible fixed assets	15	281		323	
Financial assets	16	206		257	
Furniture, vehicles, machinery	17	1 309		1 247	
Immovable property	18	6 935		7 134	
Fixed assets		8 731	77.3	8 961	78.7
Assets		11 290	100.0	11 385	100.0
Trade creditors	19	993		1 088	
Other liabilities	20	1 039		1 119	
Short-term liabilities		2 031	18.0	2 207	19.4
Long-term liabilities	21	3 153		2 850	
Liabilities secured by lien	22	888		1 371	
Provisions	23	954		1 027	
Long-term liabilities		4 995	44.2	5 248	46.1
Liabilities	24	7 027	62.2	7 455	65.5
Participation certificate capital					
Reserves		1 344		1 162	
<i>Revenue reserves</i>		2 376		2 219	
<i>Profit/loss for the financial year</i>		320		341	
Unappropriated profit/accumulated loss		2 696		2 560	
<i>Equity excl. minority interests</i>		4 041	35.8	3 722	32.7
<i>Minorities</i>		223	2.0	208	1.8
Equity incl. minority interests	25	4 264	37.8	3 930	34.5
Liabilities and equity		11 290	100.0	11 385	100.0

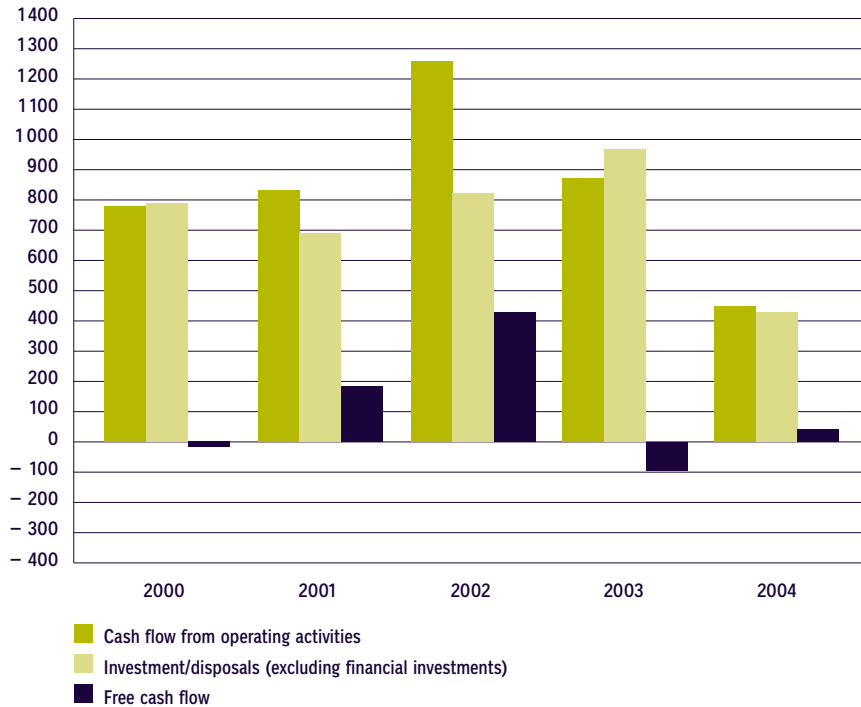
Consolidated cash flow statement

Source/application of liquidity

	Notes	CHF m. 2004	CHF m. 2003
Profit/loss for the financial year		320	341
Writedown of financial investments		1	
Depreciation of intangible assets		63	61
Depreciation of furniture, vehicles and machinery		327	357
Depreciation of immovable property		426	290
Depreciation of non-operational plant		7	7
Depreciation		825	715
Profit (-)/loss on sale of fixed assets		- 210	- 98
Results not impacting on liquidity		- 1	
Income (-)/expense on valuation of equity stakes			- 3
Increase/decrease in provisions		- 29	- 106
Cash flow before changes in net current assets		905	849
Increase/decrease (-) in current assets		- 157	24
Increase/decrease in interest-free liabilities		- 267	- 9
Cash flow from operating activities		481	864
Investments in intangible assets		- 19	- 26
Disposals of intangible assets		0	
Reclassifications of intangible assets		0	
Intangible assets		- 19	- 26
Investments in furniture, vehicles and machinery		- 406	- 336
Disposals of furniture, vehicles and machinery		15	12
Furniture, vehicles and machinery		- 390	- 324
Investments in immovable property		- 570	- 572
Immovable property, own work capitalized		- 3	- 4
Disposals of immovable property		544	315
Immovable property		- 29	- 261
Investment in participating interests		- 4	- 343
Disposal of participating interests		2	
Participating interests		- 2	- 343
Financial investments		- 19	- 24
Disposal of financial investments		29	120
Reclassifications of financial investments			
Total financial investments		10	96
Cash flow from investment activities	26	- 431	- 858
Increase/decrease in interest-bearing liabilities		- 85	- 118
Increase/decrease in minority interests		15	- 1
Impact of changes in foreign exchange rates		0	0
First application of ARR 24		- 2	0
Cash flow from financial transactions		- 71	- 119
Cash flow/cash drain (-)		- 21	- 113
Liquidity at beginning of year		332	445
Cash flow/cash drain (-)		- 21	- 113
Liquidity at end of year		311	332

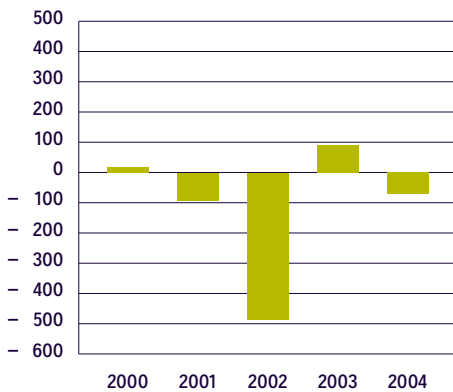
Free cash flow

CHF m.



Change in net financial debt

CHF m.



Net financial debt:
Interest-bearing liabilities less liquidity

Notes to the consolidated annual accounts

Consolidation principles

Principles

The consolidated accounts of the Coop Group are in conformity with the Swiss GAAP ARR. On this basis, internal classification, valuation and reporting principles have been defined and applied uniformly. The consolidated accounts are based on the internal, audited results of individual operations with a cut-off date of 31 December and constitute a true representation of the Group's assets, finances and income.

Fully consolidated companies

The Coop Group comprises the Coop cooperative society and its subsidiaries, plus all companies in Switzerland and abroad that it controls either directly or indirectly (with a Coop Group holding of at least 50% of voting rights). All assets, liabilities, expenses and earnings are fully consolidated. Any third-party interests in fully consolidated companies are stated separately as minority interests. Newly acquired companies are consolidated from the day of acquisition, and companies sold are excluded from the scope of consolidation from the date of sale. Only the Group portion of any surplus value in net assets acquired is capitalized.

All intragroup relations and transactions are eliminated. Capital is now consolidated according to the purchase method used in the English-speaking world, whereby a company's equity at the time of acquisition or establishment is offset against the carrying amount of the participation in the parent. Various investigations have indicated that interim profits may be regarded as insignificant.

Equity method

As a rule, interests in companies in which the Coop Group holds 20–50% of voting rights are included in the accounts – where economically significant – in proportion to the percentage of equity held and are valued in proportion to the relevant share of their annual net earnings.

Other investments

All other investments, i.e. those in which a share of less than 20% is held, are stated at cost less necessary valuation adjustments, and are posted under financial assets or securities.

Scope of consolidation

The consolidated Coop companies are listed on page 108.

Valuation principles for selected items

Liquidity

Liquidity comprises cash, postal account and bank account balances. Securities and bonds are marketable instruments that can be easily realized. They are carried in the balance sheet at the "lower of cost or market value".

Trade debtors and other debtors

Accounts receivable are posted at their net recoverable value. A general allowance of 1% is made for bad and doubtful debts after adjustment of individual items.

Stocks

Stocks are stated at cost, which corresponds to the net purchase price plus auxiliary costs. Where the computed price of merchandise on the balance sheet date is below the cost price, the "lower of cost or market" principle is applied. Individual value adjustments are made for materials no longer serviceable.

Intangible fixed assets

Goodwill arising from the acquisition of investments is generally capitalized and depreciated over 5–8 years on a straight-line basis. Goodwill from acquisitions prior to 1 January 1993 was directly offset against accumulated profits. Other intangible assets are stated at their acquisition value and depreciated over 3–8 years on a straight-line basis. This group includes brand-name rights, which are subjected to a precise valuation every year.

Financial assets

Financial assets are carried in the balance sheet at cost, taking into account any necessary writedowns.

Tangible fixed assets

Tangible fixed assets are stated at cost less necessary depreciation, which is applied on a straight-line basis over the expected useful life of the assets. Useful life is as follows:

Shop fittings	8 years
Furnishings	5 – 10 years
Machinery and plant	10 – 15 years
Vehicles	3 – 10 years
Temporary buildings	3 – 20 years
Immovable property	50 – 100 years

Fixed assets financed by leasing agreements are capitalized in the same way as other assets and depreciated on a straight-line basis in accordance with the above table. The corresponding cash values (excluding interest) are posted to long-term liabilities under “leasing commitments”.

The market values of Coop’s real estate are determined internally. Taken as a whole, the market values of these properties are well above their book values, which means that on the basis of going concern values there are substantial reserves left over.

Debt

Short-term debt includes all deferrals and debt due within one year. Long-term debt comprises obligations with a maturity of more than one year. Liabilities are carried in the balance sheet at face value. Provisions are measured in accordance with commercial criteria.

Taxes

All taxes on income which are due on taxable profits in the business year are charged to the profit and loss account, regardless of the time at which they are due. In addition, taxes also result (deferred taxes) from differences in the timing of recording individual earnings and expenses in the consolidated accounts and in the accounts of the individual operations drawn up for tax purposes. The deferred taxes resulting from these differences are calculated at an average tax rate based on local tax rates and tax loss carry-forwards.

Definition of gross supplies of merchandise and services

Gross supplies of merchandise and services comprise the value of all goods delivered to the sales outlets and the proceeds of direct sales and sales to third parties. This value has been reduced by the figure for sales deductions. The year-back figures have been adjusted for purposes of comparison. The percentage positions of the consolidated profit and loss account are – as before – based on net sales.

Changes in the consolidated Coop companies

In the 2004 business year, the following changes occurred in the scope of consolidation at Coop compared with the previous year:

The retail companies Coop Einzelhandels AG, Toptip AG, EPA AG and Waro AG as well as the manufacturing companies Argo AG, Chocolats Halba AG, CWK AG, Nutrex AG, Pasta Gala SA, Reismühle Brunnen AG and Steinfels Cleaning Systems AG were merged with Coop Immobilien AG, effective 1 January 2004. The operational parts were transferred to Coop.

Toptip AG was renamed TT Immobilien AG, while Pasta Gala SA was renamed PG Immobilien SA.

BGM Immobilien AG, Brand Immobilien AG and Wehrl & Co. AG were all merged with Coop Immobilien AG.

CAG Verwaltungs AG was taken over with effect from 1 July 2004.

On 31 December 2004, the company Andréfleurs Assens SA was sold.

Notes to the consolidated profit and loss account

	CHF m. 2004	CHF m. 2003
Special offers and discounts	– 1 425	– 1 219
Personnel discounts, incl. personnel superpoints	– 45	– 44
Value-added tax	– 627	– 641
Superpoints	– 112	– 126
Merchandise depreciation/inventory differences	– 204	– 209
1 Sales deductions	– 2 412	– 2 238
Gross supplies of merchandise and services comprise the value of all goods delivered to the sales outlets and the proceeds of direct sales and sales to third parties. This value has been reduced by the figure for sales deductions. Direct price-cutting measures are not included in sales deductions.		
Net sales food	9 144	9 248
Net sales nonfood	4 982	5 186
2 Net sales	14 127	14 434
Suisse Romande Region	2 734	2 765
Bern Region	1 910	1 965
Nordwestschweiz Region	2 717	2 858
Zentralschweiz-Zürich Region	2 933	3 002
Ostschweiz-Ticino Region	2 568	2 634
Headquarters/Production	1 264	1 211
2 Net sales	14 127	14 434
Other operating income	518	512
Operating rent income	101	92
Own work capitalized	3	4
Change in stocks of semi-manufactured and finished goods	4	– 4
3 Other operating income	625	603
"Other operating income" also includes revenues from the Toto (football pools), Lotto (lottery), car parks, advertising, dry cleaning facilities, film-processing laboratories and various agency commissions.		
Wages and salaries	– 2 137	– 2 223
Social security contributions	– 367	– 378
<i>Social security contributions as %</i>	<i>172</i>	<i>17,0</i>
Other personnel costs	– 68	– 67
4 Personnel costs	– 2 573	– 2 668
Rent	– 344	– 343
Office and administrative costs ¹⁾	– 142	– 155
Insurance premiums (nonlife) and charges	– 56	– 56
Maintenance and replacement costs	– 231	– 224
Energy and supplies	– 231	– 232
Miscellaneous expenses ¹⁾	– 270	– 276
5 Other operating expenses	– 1 273	– 1 285

¹⁾ Reclassification of year-back amounts totalling CHF 11 million.

	CHF m. 2004	CHF m. 2003
Goodwill	– 40	– 20
Other investments in intangible assets	– 23	– 25
Furniture, vehicles and machinery	– 324	– 334
Immovable property	– 292	– 266
6 Depreciation	– 679	– 646
Cf. details in 8 “Non-operating income from property transactions” and 9 “Other non-operating result”		
<i>Interest income and dividends</i>	17	31
<i>Investment income from equity-consolidated companies</i>	3	3
Financial income	19	34
<i>Interest expense</i>	– 114	– 127
<i>Unrealized losses on equities</i>	– 1	– 1
<i>Other financial expenses</i>	– 8	– 3
Financial expenses	– 123	– 132
7 Financial income/expense	– 103	– 98
Rental income	26	38
Non-operating depreciation	– 7	– 7
Other non-operating expenses	– 5	– 8
8 Non-operating income from property transactions	13	23
<i>Income from disposal of fixed assets</i>	210	98
<i>Release of provisions no longer required</i>	23	41
<i>Release of restructuring and integration provisions</i>	0	28
<i>Non review period-related and other non-operating income</i>	159	190
Other non-operating income	392	357
<i>Non-operating depreciations resulting from impairment of intangible assets</i>	– 0	– 16
<i>Non-operating depreciations resulting from impairment of financial investments</i>		
<i>Non-operating depreciations resulting from impairment of fixed assets</i>	– 138	– 47
<i>Creation of restructuring and integration provisions</i>	– 5	– 125
<i>Creation of provisions</i>	– 80	– 70
<i>Non review period-related and other non-operating expense</i>	– 95	– 93
Other non-operating expense	– 318	– 351
9 Other non-operating result	74	6
Taxes on capital, earnings and property gains	– 72	– 79
Property transfer tax	– 10	– 5
Deferred taxes	– 41	– 24
10 Taxes	– 124	– 108

Notes to the consolidated balance sheet

	CHF m. 2004	CHF m. 2003				
Cash at banks and in hand	251	263				
Term deposits at banks	19	23				
Securities	41	45				
11 Liquidity	311	332				
Trade debtors	277	355				
Sums due from partly consolidated companies	0	0				
12 Trade debtors	277	355				
Other debtors	248	52				
Prepaid expenses and deferred charges	151	159				
13 Other debtors	399	210				
Merchandise	1 347	1 287				
Semi-manufactured and finished goods (production)	122	129				
Raw material	92	92				
Auxiliary and packaging materials	12	18				
14 Stocks	1 573	1 526				
	Goodwill	Patents/ licences/ brands	Organiza- tional costs	Software		
Net book value on 1.1.	258	2	27	36	323	154
<i>Acquisition value on 1.1.</i>	<i>323</i>	<i>3</i>	<i>95</i>	<i>57</i>	<i>478</i>	<i>550</i>
<i>Changes to scope of consolidation</i>	<i>- 0</i>	<i>- 0</i>	<i>0</i>		<i>0</i>	<i>0</i>
<i>Investments</i>	<i>- 0</i>		<i>1</i>	<i>19</i>	<i>19</i>	<i>225</i>
<i>Disposals</i>	<i>- 1</i>		<i>- 0</i>	<i>- 2</i>	<i>- 3</i>	<i>- 6</i>
<i>Impact of changes in foreign exchange rates</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>		<i>- 0</i>	<i>0</i>
<i>Reclassifications</i>	<i>- 1</i>	<i>19</i>	<i>- 20</i>	<i>4</i>	<i>3</i>	<i>- 291</i>
Acquisition value on 31.12.	320	22	76	78	497	478
<i>Accumulated depreciation on 1.1.</i>	<i>- 66</i>	<i>- 1</i>	<i>- 68</i>	<i>-20</i>	<i>- 155</i>	<i>- 397</i>
<i>Changes to the scope of consolidation</i>	<i>0</i>	<i>- 0</i>	<i>- 0</i>		<i>- 0</i>	<i>- 0</i>
<i>Depreciation</i>	<i>- 39</i>	<i>- 0</i>	<i>- 9</i>	<i>-14</i>	<i>- 63</i>	<i>- 45</i>
<i>Non-operating depreciation</i>						<i>- 16</i>
<i>Accumulated depreciation on disposals</i>	<i>1</i>		<i>0</i>	<i>1</i>	<i>3</i>	<i>6</i>
<i>Impact of changes in foreign exchange rates</i>	<i>0</i>	<i>0</i>		<i>0</i>	<i>0</i>	<i>- 0</i>
<i>Reclassifications</i>	<i>1</i>	<i>- 9</i>	<i>10</i>	<i>- 3</i>	<i>- 1</i>	<i>297</i>
Accumulated depreciation on 31.12.	- 103	- 11	- 67	-36	- 216	- 155
15 Intangible assets on 31.12.	218	11	9	42	281	323

No R&D costs were capitalized.

	Financial assets held at banks	Other financial assets	Participations (Equity method)		CHF m. 2004	CHF m. 2003
Net book value on 1.1.	64	180	12		257	344
Addition		19	6		25	33
Disposal	- 48	- 26			- 74	- 120
Value adjustment		- 1			- 1	
Reclassifications	0	- 2			- 2	
16 Financial assets on 31.12.	17	171	18		206	257
	Furniture/ tools	Vehicles	IT	Machinery/ plant		
Net book value on 1.1.	763	68	128	288	1 247	1 276
<i>Acquisition value on 1.1.</i>	<i>1 912</i>	<i>174</i>	<i>502</i>	<i>806</i>	<i>3 394</i>	<i>3 159</i>
<i>Changes to scope of consolidation</i>	<i>- 1</i>	<i>- 0</i>	<i>- 1</i>	<i>- 1</i>	<i>- 2</i>	<i>61</i>
<i>Investments</i>	<i>219</i>	<i>18</i>	<i>35</i>	<i>134</i>	<i>406</i>	<i>336</i>
<i>Disposals</i>	<i>- 347</i>	<i>- 37</i>	<i>- 141</i>	<i>- 65</i>	<i>- 589</i>	<i>- 133</i>
<i>Impact of changes in foreign exchange rates</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>	<i>1</i>
<i>Reclassifications</i>	<i>42</i>	<i>- 0</i>	<i>3</i>	<i>- 55</i>	<i>- 10</i>	<i>- 29</i>
Acquisition value on 31.12.	1 826	155	397	820	3 198	3 394
<i>Accumulated depreciation on 1.1.</i>	<i>- 1 150</i>	<i>- 106</i>	<i>- 374</i>	<i>- 518</i>	<i>- 2 147</i>	<i>- 1 883</i>
<i>Changes to the scope of consolidation</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>1</i>	<i>2</i>	<i>- 33</i>
<i>Depreciation</i>	<i>- 187</i>	<i>- 17</i>	<i>- 62</i>	<i>- 58</i>	<i>- 324</i>	<i>- 334</i>
<i>Non-operating depreciation</i>	<i>- 2</i>			<i>- 1</i>	<i>- 3</i>	<i>- 23</i>
<i>Accumulated depreciation on disposals</i>	<i>337</i>	<i>35</i>	<i>140</i>	<i>63</i>	<i>574</i>	<i>122</i>
<i>Impact of changes in foreign exchange rates</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>- 0</i>
<i>Reclassifications</i>	<i>7</i>	<i>0</i>	<i>3</i>	<i>- 2</i>	<i>9</i>	<i>5</i>
Accumulated depreciation on 31.12.	- 994	- 87	- 292	- 516	- 1 889	- 2 147
17 Furniture, vehicles, machinery on 31.12.	832	67	106	304	1 309	1 247

"Reclassifications" refers to transfers of down payments to another investment class.

	Vacant plots of land	Installations	Buildings	Properties not used for operational purposes	CHF m. 2004	CHF m. 2003
Net book value on 1.1.	58	1 124	5 855	96	7 134	6 878
<i>Acquisition value on 1.1.</i>	63	1 893	7 834	141	9 930	9 438
<i>Changes to scope of consolidation</i>		0	– 6		– 6	258
<i>Investments</i>	– 0	240	333		573	576
<i>Disposals</i>	– 8	– 127	– 434	– 37	– 607	– 359
<i>Impact of changes in foreign exchange rates</i>		– 0	– 0	– 0	– 0	2
<i>Reclassifications</i>	3	85	– 69	– 32	– 13	15
Acquisition value on 31.12.	58	2 091	7 658	71	9 878	9 930
<i>Accumulated depreciation on 1.1.</i>	– 4	– 768	– 1 979	– 45	– 2 796	– 2 561
<i>Changes to the scope of consolidation</i>		– 0	2		2	– 82
<i>Depreciation</i>	– 1	– 121	– 176	– 1	– 299	– 273
<i>Non-operating depreciation</i>		– 1	– 133		– 134	– 24
<i>Accumulated depreciation on disposals</i>	4	112	141	15	272	140
<i>Impact of changes in foreign exchange rates</i>	0	0	0	0	0	– 1
<i>Reclassifications</i>	– 1	7	– 4	11	13	4
Accumulated depreciation on 31.12.	– 2	– 772	– 2 149	– 20	– 2 943	– 2 796
18 Immovable property on 31.12.	55	1 319	5 509	52	6 935	7 134
"Reclassifications" refers to transfers of down payments to another investment class.						
Buildings under construction (in "Buildings")						
Net book value on 1.1.					164	275
<i>Acquisition value on 1.1.</i>					169	279
<i>Changes to scope of consolidation</i>						2
<i>Investments</i>					204	131
<i>Disposals</i>					– 3	– 62
<i>Reclassifications</i>					– 130	– 183
Acquisition value on 31.12.					239	169
<i>Accumulated depreciation on 1.1.</i>					– 4	– 4
<i>Changes to the scope of consolidation</i>						
<i>Depreciation</i>						
<i>Non-operating depreciation</i>						– 2
<i>Accumulated depreciation on disposals</i>					2	2
<i>Reclassifications</i>						0
Accumulated depreciation on 31.12.					– 3	– 4
Buildings under construction at 31.12.					236	164
Book value of assets pledged to secure own commitments					2 101	3 027
Secured liabilities					888	1 356

					CHF m. 2004	CHF m. 2003
Trade creditors					992	1 087
Sums owed to partly consolidated companies					0	1
19 Trade creditors					993	1 088
Other short-term liabilities, non-interest-bearing					259	382
Other short-term liabilities, interest-bearing					319	227
Deferred income					461	510
20 Other liabilities					1 039	1 119
Deposit and investment accounts					844	813
Medium-term notes					168	169
Bonds	Bell Holding AG	1998–2005	4%	70		
	Coop	1998–2005	3½%	250		
	Coop	1996–2006	4½%	100		
	Coop	1997–2007	3¾%	200		
	Coop	1999–2009	4%	250		
	Coop	2003–2008	2¾%	325		
	Coop	2004–2011	2¾%	250	1 445	1 195
Bank loans					536	538
Other loans					161	134
Commitments towards pension funds					0	1
21 Long-term liabilities					3 153	2 850
See also details of available bank credit lines on page 82.						
Mortgages					888	1 356
Building loans						14
22 Liabilities secured by liens					888	1 371
		Pension Fund	Restructurings	Deferred taxes	Other provisions	
Provisions on 1.1.		26	66	485	450	1 027
Changes to scope of consolidation			0			0
Creation of provisions		3	5	43	100	151
Use of provisions		– 1	– 31		– 168	– 200
Release of provisions no longer required		– 0	– 0	– 2	– 23	– 26
Reclassifications			– 0		0	– 0
Impact of changes in foreign exchange rates				– 0	– 0	– 0
23 Provisions on 31.12.		29	41	526	359	954

Deferred taxes have been calculated on the basis of an average tax rate of 25% on untaxed reserves. Statement as per ARR 23.
Year-back figures have been correspondingly adjusted.

	CHF m.	CHF m.
	2004	2003
<i>CoopForte</i>		134
<i>Bank Coop</i>	42	50
<i>Supercard</i>	219	206
<i>Value-added tax</i>	40	
<i>Sundry items</i>	58	61
Other provisions	359	450
<i>Short-term interest-bearing liabilities</i>	319	227
<i>Long-term interest-bearing liabilities</i>	4 041	4 221
Interest-bearing liabilities	4 360	4 448
Non-interest-bearing liabilities	2 667	3 007
24 Liabilities	7 027	7 455
Interest-bearing liabilities	4 360	4 448
Liquidity	– 311	– 332
Net financial debt	4 049	4 115

	Published reserves	Revenue reserves	Profit for the finan- cial year	<i>Equity excl. minority interests</i>	Minorities	Equity incl. minority interests
Equity on 1.1.	1 162	2 219	341	3 722	208	3 930
Appropriation of profit/dividend	182	159	– 341		– 15	– 15
Changes to scope of consolidation						
First application of ARR 24		– 2		– 2		– 2
Profit for the financial year			320	320	31	351
25 Equity on 31.12.	1 344	2 376	320	4 041	223	4 264

Notes to the consolidated cash flow statement

	CHF m. 2004	CHF m. 2003
<i>Investment in intangible assets</i>	– 19	– 26
<i>Investment in furniture, vehicles, machinery</i>	– 406	– 336
<i>Investment in immovable property</i>	– 570	– 572
<i>Reclassifications</i>		
<i>Own work</i>	– 3	– 4
Investments	– 998	– 938
<i>Disposal of intangible assets</i>	0	
<i>Disposal of furniture, vehicles, machinery</i>	15	12
<i>Disposal of immovable property</i>	544	315
Disposals	559	327
Net investment in fixed assets	– 439	– 611
<i>Investment in participating interests</i>	– 4	– 343
<i>Financial investments</i>	– 19	– 24
Investment in participating interests/financial investments	– 23	– 367
<i>Disposal of participating interests</i>	2	
<i>Disposal of financial investments</i>	29	120
Disposal of participating interests/financial investments	31	120
<i>Reclassifications</i>		
26 Cash flow from investment activities	– 431	– 858
<i>Investment in intangible assets</i>	– 19	– 26
<i>Investment in furniture, vehicles, machinery</i>	– 406	– 336
<i>Investment in immovable property</i>	– 570	– 572
<i>Investment in participating interests</i>	– 4	– 343
<i>Financial investments</i>	– 19	– 24
<i>Own work</i>	– 3	– 4
Investments	– 1 022	– 1 305
<i>Disposal of intangible assets</i>	0	
<i>Disposal of furniture, vehicles, machinery</i>	15	12
<i>Disposal of immovable property</i>	544	315
<i>Disposal of participating interests</i>	2	
<i>Disposal of financial investments</i>	29	120
Disposals	590	447
26 Cash flow from investment activities	– 431	– 858

Additional notes to the consolidated annual accounts

	CHF m. 2004	CHF m. 2003
Guarantees in favour of third parties	120	173
Commitments towards pension funds	314	476
<i>of which secured by lien</i>	313	475
The Coop Group assumes the costs of the occupational pension provision for all employees and their survivors as stipulated under law.		
All pension schemes of the Coop Group companies are defined-contribution plans.		
<i>Statutory employee contributions</i>	70	66
<i>Statutory employer contributions</i>	154	153
<i>Employer contribution reserve</i>	89	71
Insured value of movable property	13 905	13 769
Commitments from long-term rental and right-to-build agreements broken down by term		
2004		272
2005	331	255
2006	298	202
2007	271	176
2008–2011 (year-back figures: 2008–2010)	1 018	536
There are other major commitments from rental and right-to-build agreements extending beyond 2011.		
Currency conversion		
For the purpose of translating annual accounts in foreign currencies the following exchange rates were used:		
Year-end rates for the balance sheet		
EUR	1	1.544
HKD	1	0.146
USD	1	1.132
GBP	1	2.183
JPY	100	1.104
Average rates for the year for the profit and loss account		
EUR	1	1.544
HKD	1	0.160
USD	1	1.243
GBP	1	2.276
JPY	100	1.149

Off-balance-sheet business	Contract value		Replacement value			
			positive		negative	
	2004	2003	2004	2003	2004	2003
Interest	90	70			2	2
Currencies	109	117	1	1		3
Other derivative financial instruments (commodities, equity securities)	238	282	2	1	1	

The values stated contain all derivative financial instruments outstanding on the balance sheet date, valued at market prices. These are only included in the annual accounts on falling due.

Betty Bossi Verlag AG

On 1.1.2002 Coop acquired 50% of the shares in Betty Bossi Verlag AG. From 1.1.2002 until 31.12.2011 Ringier AG, Zofingen, holds a put option for the remaining 50% of the shares at a predetermined price.

Events after the balance sheet date

Coop and Rewe agreed in January 2005 to merge their activities in the catering supplies sector. Sales are estimated at approx. 2.2 billion Swiss francs. The Swiss competition authority approved the transaction on 4 February 2005, while the office of the European competition authority declared the matter outside its field of competence. The transaction can therefore be implemented immediately.

Consolidated Coop companies

Status on 31 December 2004

		Percentage	Nominal Capital	Basis ¹⁾
		held by Group	31.12.2004	
			CHF m.	
Coop	Basel			
Alcoba Distribution SA	F-Strasbourg	50.00	4.7	F
Bell Holding AG	Basel	60.54	2.0	F
Bell AG	Basel	100.00		F
Bell Finance Limited	GB-Jersey	100.00		F
Frigo St. Johann AG	Basel	100.00		F
GZM Extraktionswerk	Lyss	19.90		–
GWI Geflügel- und Wildimport AG	Basel	100.00		F
Maurer Frères SA	F-Kingersheim	50.00		F
SBA Schlachtbetrieb Basel AG	Basel	48.00		E
Betty Bossi Verlag AG	Zürich	50.00		E
BG Buchiacker, Bützberg	Thunstetten	100.00	1.5	F
BG Rosengarten Solothurn AG	Solothurn	62.00	0.1	F
CAG Verwaltungs AG	Basel	100.00	1.0	F
Centre de formation «du Léman»	Jongny	100.00	0.0	F
Coop Bildungszentrum	MuttENZ	100.00	0.4	F
Coein AG in liquidation	Jegenstorf	100.00	5.0	F
Coop Immobilien AG	Bern	100.00	855.4	F
Complexe de Chêne-Bourg-A SA	Chêne-Bourg	100.00		F
Complexe de Chêne-Bourg-C SA	Chêne-Bourg	100.00		F
Complexe de Chêne-Bourg-D SA	Chêne-Bourg	100.00		F
Coop Mineraloel AG	Allschwil	51.00	10.0	F
Coop Switzerland Far East Ltd.	HK-Hongkong	100.00	0.0	F
Coop Vitality AG	Bern	51.00	5.0	F
EPA AG	Zürich	100.00	40.0	F
Eurogroup SA	B-Bruxelles	50.00		E
Eurogroup Far East Ltd.	HK-Hongkong	33.30		E
Fehr & Engeli AG	Ueken	100.00	0.1	F
HiCoPain AG	Dagmersellen	40.00		E
Konsumverein Zürich AG	Zürich	100.00	35.0	F
Könizer Siedlungs-AG	Liebefeld	100.00	1.0	F
Panflor AG	Zürich	100.00	0.5	F
PG Immobilien SA	Basel	100.00	2.5	F
Toomax-x Handelsgesellschaft m.b.H.	A-Klosterneuburg	25.00		E
TT Immobilien AG	Oberentfelden	100.00	10.0	F
Waro AG	Basel	100.00	0.1	F

¹⁾ F = Fully consolidated company E = Consolidated by the equity method

Report of the group auditors
to the general meeting of
Coop
Basel

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, statement of cash flows and notes with statement of changes in equity) of Coop Group reproduced on pages 92 – 108 for the year ended December 31, 2004.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the Swiss GAAP FER and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.



Dr. R. Gerber



R. Maiocchi

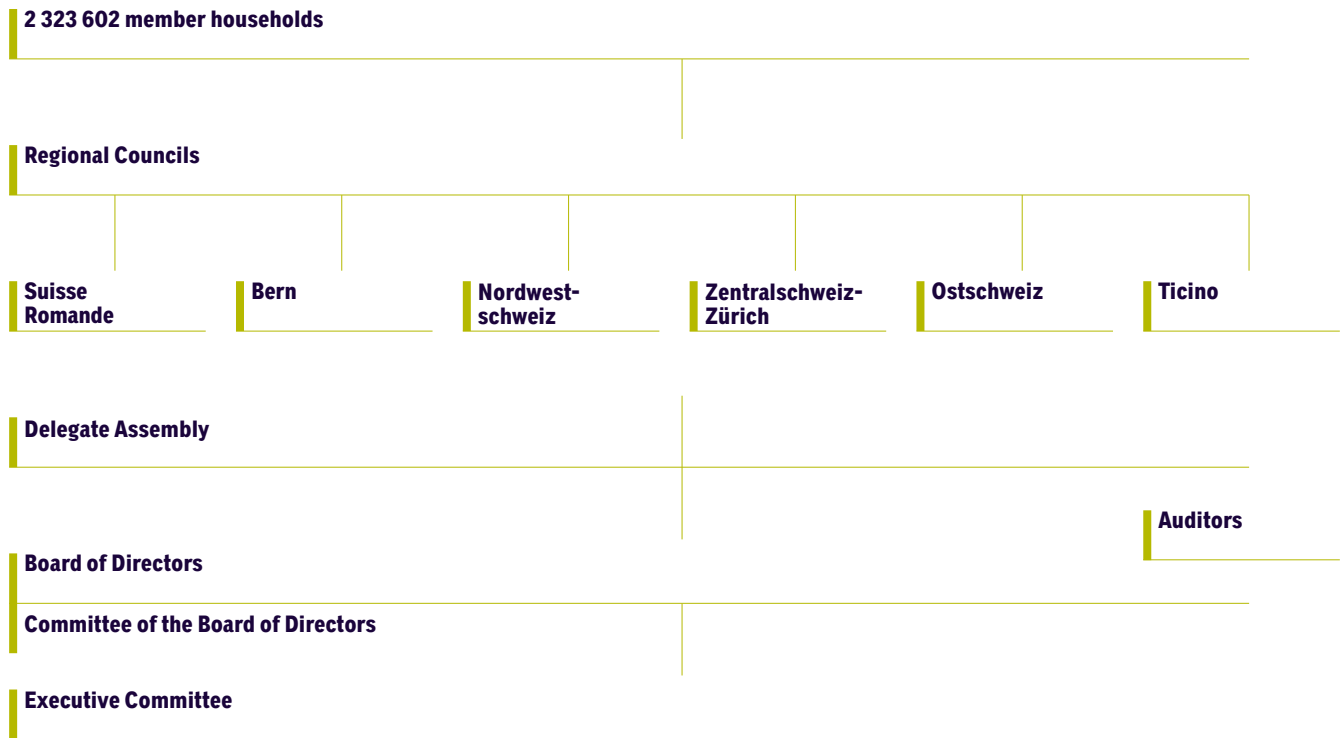
Basel, March 10, 2005

Executive bodies, management and addresses

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Coop executive bodies

Status on 1 January 2005



Coop Delegate Assembly

The following members of the Regional Committees constitute the Coop Delegate Assembly (Status on 1 January 2005).

Suisse Romande region

Maurice Balmat	Arlette Di Vetta	André Jordan	Jean-Marc Nicoulaz	Pierre Tissot
André Bollin	Adrien Dormond	Anne-Lyse Karlen	Jean-Maurice Paroz	Georges-Edouard Vacher
Edmond Bourguet	Hubert Ducry	Jean-Daniel Kramer	Christine Pasche	Martine Veillard
Claude Buillard	John Dupraz	Jean-Marc Kuhn	Aurèle Perrin	Christian Volken
Guy Cotter	Henri Fournier	Jacqueline Lugeon	Camille Rebord	Daniel Willi
Bernadette Crettol	Antonio Galera	Jacques Maurer	Jean-Marie Rime	Alain Winkelmann
René Curti	Gérard Gillioz	Marcel Maury	Jacques Robert	Renée Wüthrich
Monika Dash	Nicole Hosseini	Josiane Mayor	Jean-Claude Rossel	
Denis Desales	Philippe Jaton	Marie-Jeanne Meichtry	Dolly Saner	

Bern region

Annemarie Aeschlimann	Richard Gsponer	Karl Lauber	Fritz Schori	Emil Zurbrügg
Fritz Bärtschi	Manfred Jakob	Walter Liniger	Martin Schweizer	
Katharina Bieler-Heldner	Doris Kelterborn	Fritz Probst	Hans Sterchi	
Hans-Rudolf Blatter	Ernst Köhli	Fritz Schärer	Jakob Zbinden	
Lily Frei	Ruth Läderach	Hugo Schärer	Pierrette Zumwald	

Nordwestschweiz region

Willi Buess	Erich Heggendorf	Peter Kohler	Urs Schneider	Roland Zeller
Hans Christen	Walter Heinimann	Theo Meyer	Charles Suter	Eduard Zimmermann
Irmgard Fischli	Bruno Hess	Verena Reber	Erika Thoma	
Samuel Gerber	Ernst Jordi	Greta Schindler	Peter Villiger	
Christoph Gürtler	Trudi Jost	Peter Schmid	Jörg Vitelli	

Zentralschweiz-Zürich region

Hans Aepli	Renato Blum	Hans Frei	Elisabeth Michel-Alder	Josef Schuler
Alfred Bartholet	Lorenz Bösch	Marlis Hürlimann	Hans Rüegg	
Ruth Beck	Emil De-Boni	Hans Kissling	Otto Rütter	
Beatrice Bertschinger	Ernst Dubacher	Hans Lustenberger	Ivo Schmid	

Ostschweiz region

Pia Eberle	Josef Hemmi	Peter Luck	Gerhard Riediker
Peter Fischer	René Huber	Tarzi Meyerhans	Leo Schönenberger
Heinz Flammer	Peter Keller	Henry Müller	Bruno Stacher
Peter Gloor	Maria Knecht	Roberto Pedrini	Martha Veraguth

Ticino region

Giovanni Balmelli	Carlo Crivelli	Marilena Fontaine-Macullo	Fiorangela Pusterla	Brunetto Vivalda
Daniele Bigger	Andrea Ferrari	Giancarlo Lafranchi	Gabriella Rossetti	

Coop Board of Directors

C = Chairman; VC = Vice Chairwoman; BC = Board Committee

Jean-Claude Badoux (BC)	Diego Giulieri (BC)	Irene Kaufmann (VC)	Felix Truffer	Internal Auditing Franz Kessler, Head of Internal Auditing
Stefan Baumberger (BC)	Felix Halmer	Lillia Rebsamen	Giusep Valaulta (BC)	
Silvio Bircher (BC)	Edgar Hofer	Jean-Charles Roguet		
Anton Felder (C)	Walter Holderegger	Eric Santschy		
Paul Flubacher	Hans-Jürg Käser	Giampiero Storelli		

Management structure

Status on 1 January 2005

Chief Executive Officer

Hansueli Loosli

Members of the Executive Committee (EC)

Chief Executive Officer	Retail	Trading	CCM/ Purchasing	Logistics/ IT/ Production	Finance and Services	Property	Retail Companies
Hansueli Loosli	Hansueli Loosli	Christoph Clavadetscher	Jürg Peritz	Jörg Ackermann	Hans Peter Schwarz	Jean-Marc Chapuis	Rudolf Burger
	Sales Regions (SRE)			Logistics Regions (LRE)		Property Regions (PRE)	
Personnel/ Training	SRE Suisse Romande	Building and Hobby	CCM Fresh Products	LRE Suisse Romande	Finance	PRE Suisse Romande	Division Interdiscount
General Secretariat	SRE Bern	Department Stores	CCM Basic Foods/ Beverages	LRE Bern	Accounting	PRE Bern	Coop Vitality AG
Communications/ Quality Assurance	SRE Nordwestschweiz	Expansion/ Total Store	CCM Near Food	LRE Nordwestschweiz	Controlling	PRE Nordwestschweiz	Coop Mineraloel AG
	SRE Zentral-schweiz-Zürich	Division Toptip	CCM Hard Goods	LRE Zentral-schweiz-Zürich	Management Services	PRE Zentral-schweiz-Zürich/Ostschweiz-Ticino	
	SRE Ostschweiz-Ticino	Division Import Parfumerie	CCM Textiles	LRE Ostschweiz-Ticino	Projects	Business Management/ Controlling	
	Total Store		Purchasing & Stock Mgt Food	Central Functions for Logistics			
	Marketing		Purchasing & Stock Mgt Nonfood	Central Functions for Bakeries			
			Controlling/ Systems/ Processes/ Projects	National Logistics Pratteln			
				National Logistics Wangen			
				Panofina			
				Bälehôtels			
				Information Technology			
				Production			
				Bell Holding AG			
				Eurogroup SA			

Management

Status on 1 January 2005

Executive Committee (EC)

Hansueli Loosli, Chief Executive Officer
Jörg Ackermann, Head of Logistics/IT/Production Business Unit
Rudolf Burger, Head of Retail Companies Business Unit
Jean-Marc Chapuis, Head of Property Business Unit

Christoph Clavadetscher, Head of Trading Business Unit
Jürg Peritz, Head of CCM/Purchasing Business Unit
Hans Peter Schwarz, Head of Finance and Services Business Unit

Presidium of the Executive Committee Business Unit

Hansueli Loosli, Chief Executive Officer
Peter Keller, Head of Personnel/Training National
Markus Schelker, Head of General Secretariat

Walter Stutz, Head of Quality Centre
Felix Wehrle, Head of Communications/Quality Assurance

Retail Business Unit

Hansueli Loosli, Chief Executive Officer
Livio Bontognali, Head of OT Sales Region
Theo Jost, Head of ZZ Sales Region
Raymond Léchaire, Head of SR Sales Region
Oskar Sager, Head of NW Sales Region

Peter Schmid, Head of BE Sales Region
Heino Peier, Head of Marketing
Staff
Robert Joss, Head of Marketing Services
Benedikt Pachlatko, Head of Marketing Concepts/Supercard

Suisse Romande (SR) Sales region

Raymond Léchaire, Head of SR Sales Region
Stéphane Bossel, Head of Business Mgt/Controlling
(from 1 March 2005)
Jean-Luc Ecuyer, Head of Personnel/Training

Patrick Fauchère, Head of Sales 2
Rudolf Hägler, Head of Business Mgt/Controlling
(until 28 February 2005)
André Mislin, Head of Sales 1

Bern (BE) Sales region

Peter Schmid, Head of BE Sales Region
Rico Bossi, Head of Sales 2
Bernhard Friedli, Head of Business Mgt/Controlling

Pierre-Alain Grichting, Head of Sales 1
Bruno Piller, Head of Personnel/Training

Nordwestschweiz (NW) Sales region

Oskar Sager, Head of NW Sales Region
Hans Amacher, Head of Sales 2
Angelo Durante, Head of Business Mgt/Controlling

Rolf Scheitlin, Head of Personnel/Training
Pierre Zinggeler, Head of Sales 1

Zentralschweiz-Zürich (ZZ) Sales region

Theo Jost, Head of ZZ Sales Region
Walter Flessati, Head of Personnel/Training
Eduard Warburton, Head of Business Mgt/Controlling

Robert Weiss, Head of Sales 2
Paul Zeller, Head of Sales 1

Ostschweiz-Ticino (OT) Sales region

Livio Bontognali, Head of OT Sales Region
Mario Colatrella, Head of Sales 3
Hans Ernst, Head of Personnel/Training

Henry Stamm, Head of Business Mgt/Controlling
Karl Sturzenegger, Head of Sales 1
Bruno Veit, Head of Sales 2

Trading Business Unit

Christoph Clavadetscher, Head of Trading Business Unit
Reto Grubenmann, Head of Import Parfumerie Division
Urs Jordi, Head of Building and Hobby Supplies (B+H)
Peter Meier, Head of Total Store/Expansion
Urs Meister, Head of Toptip Division

Department Stores

Christoph Clavadetscher, Head of Department Stores
Beat Ammann, Head of Business Mgt/Controlling
Martin von Bertrab, Head of Personnel/Training
Thomas Bichler, Head of Logistics
Jürg Birkenmeier, Head of Sales, Region East

Kaspar Niklaus, Head of Sales
Daniel Zimmermann, Head of Sales, Region Central
Jean-Francois Zimmermann, Head of Sales, Region West
Coop Category Management (CCM) B+H
Bruno Haberthür, Head of CCM B+H
Rainer Pietrek, CCM Garden Fresh/Hard Goods
Dieter Strub, CCM Leisure
Walter Studer, CCM Garden Hard Goods
Roland Todt, CCM Building/Crafts Supplies
Matthias Wermuth, CCM Crafts

CCM/Purchasing Business Unit

Jürg Peritz, Head of CCM/Purchasing

Jörg Ledermann, Head of Controlling/Systems/Processes/Projects

CCM Fresh Products

Philipp Wyss, Head of CCM Fresh Products

Marie-Claire Chepca Cordier, CCM Dairy Produce/Eggs

Marlies Hartmann Käfer, CCM Bread/Baked Goods

Roland Lienhard, CCM Frozen Food

Alfred Leder, CCM Fruit/Vegetables

Hans Thurnheer, CCM Restaurants

CCM Basic Foods and Beverages

Roland Frefel, Head of CCM Basic Foods and Beverages

Pius Buchmann, CCM Wines/Sparkling Wines

Christoph Hollenweger, CCM Confectionery

Daniel Noirjean, CCM Savoury Snacks/Tobacco Goods/Pet Supplies

Markus Schmid, CCM Breakfast/Garnishes/Baking Ingredients

Beat Seeger, CCM Soft Drinks/Spirits

CCM Near Food

Helmut Träris-Stark, Head of CCM Near Food

Helene Loeb, CCM Detergents and Cleaning Agents/Hygiene

Peter Willimann, CCM Perfumery/Bodycare/Vita Shop

CCM Hard Goods

Rolf Kuster, Head of CCM Hard Goods

Bruno Cabernard, CCM Festive/Press/Consumer Electronics

Daniel Walker, CCM Kitchen/Electrical Appliances

CCM Textiles

Sandro Corpina, Head of CCM Textiles

Daniel Gerber, CCM Children's Wear/Baby Products/Toys

Purchasing & Stock Mgt Food

Lorenz Wyss, Head of Purchasing & Stock Mgt Food

Christoph Bürki, Buying Pool (BP) Beverages

Christian Guggisberg, BP Fruit/Vegetables/Flowers/Plants

Renato Isella, BP Bread/Dairy Produce/Cheese/Frozen Food

Michael Sieber, BP Basic Foods

Robert Trachsler, Stock Mgt Pool Food

Purchasing & Stock Mgt Nonfood

Philipp Schenker, Head of Purchasing & Stock Mgt Nonfood

Emanuel Büchlin, BP Apparel/Accessoires

Christian Kaufmann, Stock Mgt Pool Nonfood

Olivier Schwegler, BP Near Food

Logistics/IT/Production Business Unit

Jörg Ackermann, Head of Logistics/IT/Production Business Unit

Leo Ebnetter, Head of OT Logistics Region (LRE)

August Harder, Head of IT

Marc Haubensak, Head of Bâlehotels

Hans Ludwig, Head of BE LRE

Rolf Müller, Head of ZZ LRE

Felix Ruckstuhl, Head of Panofina

Peter Schär, Head of Central Functions for Logistics

Ernst Seiler, Managing Director of Eurogroup SA

Andreas Schwab, Head of Central Functions for Bakeries

Niklaus Stehli, Head of NW LRE

Guy Théoduloz, Head of SR LRE

Daniel Woodtli, Head of National Logistics Pratteln

Beat Zaugg, Head of National Logistics Wangen

Production

Josef Achermann, Head of Production

Walter Käser, Head of CWK Division

Lorenzo Pelucchi, Head of Primary Materials Purchasing

Felix Ruckstuhl, Head of Division Halba

Finance and Services Business Unit

Hans Peter Schwarz, Head of Finance and Services Business Unit

Konrad Burkhalter, Head of Accounting

Björn Carow, Head of Projects

Hansjörg Klossner, Head of Controlling

Beat Leuthardt, Head of Finance

Rudolf Zurflüh, Head of Controlling (until 28 February 2005)

Property Business Unit

Jean-Marc Chapuis, Head of Property Business Unit

Armin Beutler, Head of NW Property Region (PRE)

Arthur Hauri, Head of Business Mgt/Controlling

Josef Hugentobler, Head of ZZ-OT PRE

Michel Produit, Head of SR PRE

Bruno Riedo, Head of BE PRE

Retail Companies Business Unit

Rudolf Burger, Head of Retail Companies Business Unit

Division Interdiscount

Andreas Frischknecht, Head of Marketing/Purchasing

Pierre Pfaffhauser, Head of Personnel/Training

Daniel Stucker, Head of Business Mgt/Controlling

Joos-Rudolf Sutter, Head of Sales

Addresses of the Coop Group

Status on 1 January 2005

Coop headquarters

Presidium of Executive Committee Retail Business Unit
Hansueli Loosli

CCM/Purchasing Business Unit
Jürg Peritz

Logistics/IT/Production Business Unit
Jörg Ackermann

Finance and Services Business Unit
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Rudolf Burger

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Coop regions

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Coop
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coop

coop city

coop
bau+hobby

coop
restaurant



Subsidiaries



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 M: Walter Eberle



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 C: Jörg Ackermann
 M: Adolphe R. Fritschi

C =
 Chairman of the
 Board of Directors

M =
 Managing Director

DM =
 Divisional Management

Divisions



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 DM: Lorenzo Pelucchi

Any statements in this report that do not refer to historical facts relate to the future and do not constitute guarantees of future products and services. They incorporate risks and uncertainties including, but not exclusively, future global economic conditions, exchange rates, statutory regulations, market conditions, competitors' activities and other factors beyond the company's control.

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