



ANNUAL REPORT OF THE COOP GROUP
2006 FINANCIAL REPORT



A look behind the scenes

Coop consists of people who, at many different locations and in many different functions, assume responsibility for the Group's sustainable success. The Annual Report focuses on some of these people in eight profiles and tells their stories.

This Financial Report, along with the Business and Sustainability Review issued at the same time, together comprise the 2006 Annual Report of the Coop Group.

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Anton Felder and Hansueli Loosli



INDIVIDUAL CUSTOMER NEEDS, A DYNAMIC ENVIRONMENT AND NUMEROUS INNOVATIONS

Coop operates in a market that is going through another wave of radical structural change and upheaval. And Coop's customer base is becoming increasingly individualistic, developing distinctive new needs at ever shorter intervals. This dynamic environment both challenged and inspired us in the 2006 financial year.

The Coop Group increased the number of its sales outlets by 109 to 1,546 and its sales area grew by 2.5%. Consolidated turnover rose by 4.7% to 15.58 billion francs. Retail trade turnover was 14.70 billion francs, 4.6% above the year-back figure. This welcome rate of growth meant that Coop also increased its market share by a substantial margin.

A glance at the profit and loss statement and balance sheet statement also shows a gratifying result and extremely healthy finances. Operating cash flow (EBITDA) rose 19.1% to 1.24 billion francs, and profit for the year grew by 14.8% to 310 million. Coop was thus able to reduce its net financial debt by a further 18.5% to 3.02 billion francs. Liabilities fell by 579 million francs to 6.07 billion, or 55.2% of

total assets. Equity rose by 329 million to 4.93 billion francs, or 44.8% of total assets.

The result is all the more remarkable in the light of yet another marked price reduction of 1.8% across the Coop offering as a whole. Besides competence in

product ranges, the main focus of our efforts in 2006 was pricing performance. Efficiency improvements in sourcing and logistics made it possible for Coop to invest 270 million francs in price cuts. Once again, we undertook targeted price reductions on branded articles and own brands and selectively expanded the Prix Garantie label. Through these measures we achieved price parity with our main competitor. Coop will continue to strive for lower prices, including through international purchasing cooperatives such as Coopernic and toomax. Last but not least, Coop – also in conjunction with the IG DHS Swiss retailers' organization – will pursue more affordable prices by supporting measures to liberalize the domestic market and improve general business conditions.

Our success is proof that our marketing strategy is on track. Thanks to its uncompromising focus on customers' needs, Coop offers a highly individualistic public the most diverse range of products and services available in Switzerland. Coop caters to its customers' needs with a unique brand mix, whose breakdown into four price segments positions it for optimal transparency. Whether bargain prices, affordable own-brand products, health-food labels, convenience products, environmentally and socially responsible flagship labels, traditional branded articles or pure-pleasure specialities, we offer innovations to meet customers' specific needs.

In the 2006 financial year, we demonstrated our innovative power not only by launching the new Délicorn and Free From labels and expanding the Fine Food gourmet range, but also by introducing attractive new services such as the first no-fee credit card in Switzerland and the new self-scanning system passabene in a number of supermarkets. Further highlights of the dynamic year behind us include the acquisition of CHRIST Uhren und Schmuck, our entry into the travel business by setting up ITS Coop Travel, our involvement in wholesale catering through transGourmet and the introduction of the sales-based ordering system, which will further improve product range management at points of sale.

Notwithstanding these dynamic developments, we shall continue to deploy our traditional strengths in the field of environmentally and socially responsible products and pursue efforts to promote sustainability. The success of these efforts is recognized by the sustainability ratings for retailers published by the two environmental organizations WWF and "Vier Pfoten", in which Coop not only topped the overall ranking, but also won the award for the most sustainable product range. Coop has taken another step in this direction this year by publishing for the first time in conjunction with its financial report a business and sustainability review that details Coop's environmental and social performance.

In the current year and in the future we shall continue to develop new products and services, to offer even better value for money and assume even greater responsibility for sustainable development. To achieve these goals we continue to depend on the confidence and trust of our customers, the dedication of our staff and the cooperation of our business partners. We should like to take this opportunity to express our appreciation to all of them!

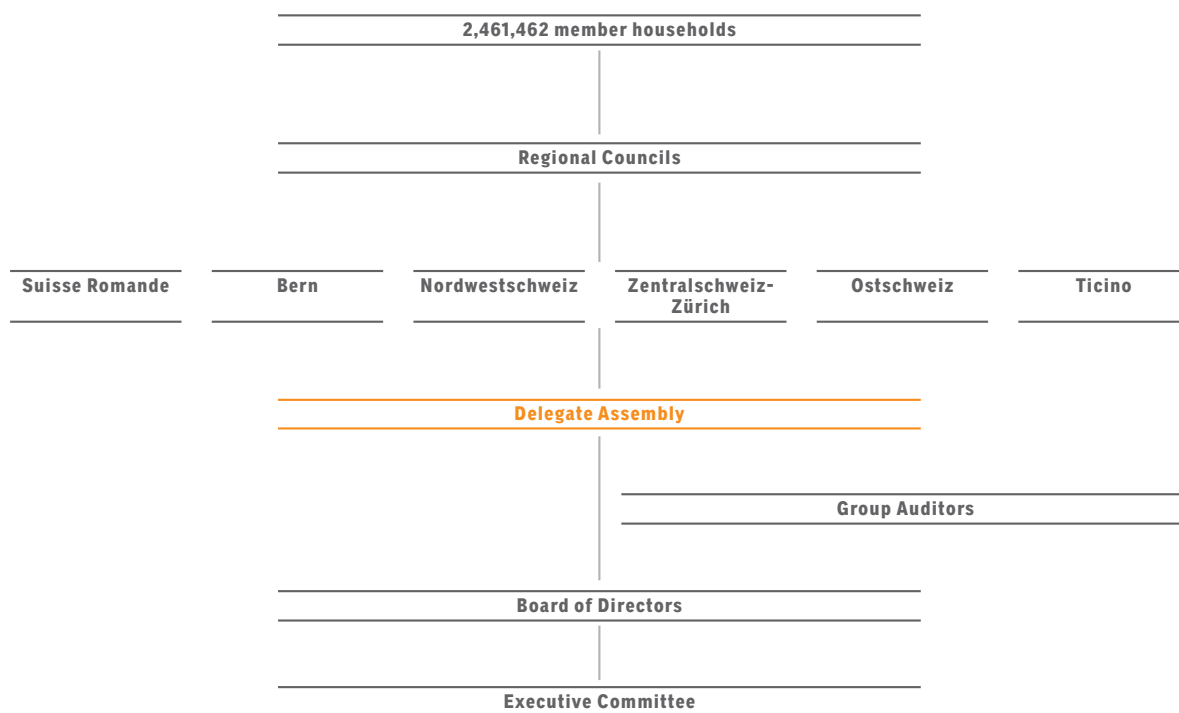


Anton Felder
Chairman of the Board of Directors



Hansueli Loosli
Chief Executive Officer

THE COOP GROUP



Board of Directors

Stefan Baumberger	Silvio Bircher	Anton Felder (Chairman)
Michela Ferrari-Testa	Felix Halmer	Irene Kaufmann (Vice Chairwoman)
Beth Krasna	Jean-Charles Roguet	Giusep Valaulta

Internal Auditing

Franz Kessler,
Head of Internal Auditing

Chief Executive Officer

Hansueli Loosli

Members of the Executive Committee

Chief Executive Officer	Retail	Trading	Marketing / Purchasing	Logistics / IT / Manufacturing	Finance and Services	Property
Hansueli Loosli	Hansueli Loosli	Rudolf Burger	Jürg Peritz	Jörg Ackermann	Hans Peter Schwarz	Jean-Marc Chapuis

STRATEGIC PROJECTS

INVESTMENTS IN LOWER PRICES, NEW OFFERS AND NEW BUSINESS AREAS

Investments in value for money – price parity with Coop’s main competitor

In 2006, Coop invested some 270 million francs in reducing its prices. The Prix Garantie label was expanded selectively by 130 products to more than 400. In eight further price-cutting rounds, the affordability of 250 branded articles and 180 own-brand products was enhanced. For 2006 as a whole, Coop achieved a price reduction of 1.8 % across its product range, thereby establishing price parity with its main competitor in the bargain-price segment, in branded articles and in comparable own brands. Coop will continue to improve its pricing performance through efficiency improvements and optimized domestic and international sourcing.

Lower prices thanks to European purchasing alliance

In February 2006, Coop and a group of European retailers – Colruyt (Belgium), Conad (Italy), E.LECLERC (France) and the REWE Group (Germany) – formed a joint purchasing alliance called Coopernic, which represents total sales of some 100 billion euros. The joint goal is to offer customers more affordable products by pooling the sourcing of internationally tradable goods, eliminating sourcing intermediaries and lowering logistics costs. In particular, Coop is actively seeking better sourcing conditions for international branded articles, for which the purchase prices in Switzerland have traditionally been higher than abroad.

New labels offer unparalleled diversity

Despite its focus on value for money, Coop never forgets the importance of quality and diversity. On the contrary: in Switzerland, Coop’s unparalleled brand mix offers the greatest diversity for a highly individualistic public. The consistent positioning of the different brands in four clearly defined price segments offers the greatest choice and transparency with regard to quality and price: from the bargain-price label, through Coop’s own brands, branded articles and flagship labels, to the premium products of the Fine Food gourmet label. In the year under review, Coop not only expanded the range of products offered under the existing labels, but also launched two further labels for specific customer needs: Free From and Délicorn.

Eating for pleasure with Slow Food ...

Coop has formed an exclusive partnership with Slow Food Switzerland. This organization was founded to counteract the growing standardization of eating habits and promote culinary culture for people everywhere based on the principles of “good, clean and fair” food. In 2006, Coop developed a product line produced in accordance with Slow Food principles. It will offer delicious specialities from Switzerland and abroad that for reasons of scarcity will remain niche markets. This is another expression of Coop’s acceptance of responsibility for providing sustainable, quality-conscious production and pleasure-oriented consumption.

... and Pro Montagna's typical Swiss-mountain products

Since the beginning of 2007, Coop has been selling typical dairy and meat products sourced and processed in the mountain regions of Switzerland under the Pro Montagna label. This keeps the added value in the region, thereby helping to preserve jobs. Moreover, for each product sold, a certain amount is donated to Coop Sponsorship for Mountain Regions to implement self-help projects for the benefit of the regions' inhabitants. Slow Food and Pro Montagna are a logical development of the value-added strategy pioneered by Coop's organic and ProSpecieRara products – and a further contribution to product diversity and biodiversity.

Switzerland's first no-fee credit card

In July 2006, Coop became the first retail company in Switzerland to launch a credit card that does not charge an annual fee: Supercard plus Mastercard. The card combines the services of the popular Supercard customer-loyalty programme with those of a conventional credit card. This innovative offer was made possible by a partnership with Swisscard AECS AG, the card issuer.

Coop enters the travel business

In September 2006, Coop entered the travel business through a joint venture with REWE Touristik, a German tourism specialist, in the form of the jointly owned Coop-ITS-Travel AG. REWE Touristik is responsible for sourcing, booking infrastructure and travel execution. Coop makes its sales area available for publicizing offers: ITS Coop Travel prospectuses will be on display for customers to take with them in more than 1,000 Coop outlets in German-speaking Switzerland. In this way, Coop and REWE Group hope to make their name in the promising direct travel market by offering good quality travel at reasonable prices.

CHRIST Uhren und Schmuck: a new addition to the Coop Group

In 2006, Coop acquired the AX4 Holding AG, owner of the jeweller CHRIST Uhren und Schmuck, which has 78 outlets throughout Switzerland. The new CHRIST sales channel has been integrated into the Trading Business

Unit and is managed jointly with IMPORT PARFUMERIE. On account of similar product segments and target groups, the two channels are obvious candidates for joint activities. Coop has taken over all 512 CHRIST employees.

WWF partnership that sets an example

In summer 2006, the WWF Switzerland and Coop formed a partnership for environmental protection and information on sustainable consumption. This is the first environmental partnership of its kind in Switzerland – and sets an example for both parties. For Coop, it is a logical continuation to the years of effort it has put into promoting sustainability. The partnership applies to five fields: increasing the share of sustainable wood and paper products, promoting environmentally responsible fisheries and organic fish farming, the use of responsibly produced soya and sustainably produced palm oil and the promotion of energy-efficient products to reduce CO₂ emissions.

Automated ordering system in sales outlets

In the year under review, Coop introduced automated sales-based ordering (SBO) in the individual supermarkets. The system keeps track of the figures for consumer purchases and, if necessary, automatically generates appropriate re-order proposals for the staff. This considerably improves the efficiency of product-range management and the maintenance of optimum stock levels. It means that customers will always find a complete product range, adequately stocked and attractively displayed. SBO was first tested on selected product segments. The medium-term objective is to extend it to Coop's entire offering.



ECONOMIC ENVIRONMENT

GREATER DIVERSITY, EVEN LOWER PRICES AND MORE INTERNATIONAL MARKETS

MARKET AND PRICES

Swiss retail trade in a state of flux

After a temporary dip in 2005, nominal Swiss retail trade turnover rose again in 2006 and the consumer sentiment

index recovered strongly. Even though Swiss retailing can look back on a good year, the market is still in a state of flux. The wave of consolidation has not yet run its course. In addition, the arrival of foreign retailers in Switzerland and the magnitude of cross-border shopping has increased the pressure on prices and margins. Coop has accepted the challenge of holding its own in an increasingly global market. It is determined to exploit the corresponding opportunities offered by more international sourcing agreements on the one hand and commitment to market liberalization – and, hence, lower consumer prices in Switzerland – on the other.

Individualized customer needs

The social environment and changing consumption habits of Coop's customer base is another challenge that Coop, as a major retail company, has to come to grips with. With growing individualization, customer needs are becoming increasingly complex, sometimes contradictory and often short-lived. Coop's response is an unparalleled diversity of product lines offering a

Coop is continuing to expand its product range and reduce prices in response to a more international environment, individual customer needs and growing price awareness. Coop has also made representations to the political institutions for lower prices and open markets.

brand mix that meets very specific aspirations. Coop has further extended its offering by launching the new Délicorn and Free From labels, expanding its Prix Garantie line in the lower price range and the Fine Food line in the upper range and further enhancing the environmentally and socially responsible flagship labels and the Betty Bossi range of convenience products.

Strong price awareness

A determining factor in today's market is consumers' obvious price awareness. In 2006, Coop invested some 270 million francs in lowering prices, and, in eight further rounds of reductions, cut the prices of 250 branded articles and 180 own-brand products by an average of 10%. This was possible by improving efficiency, but also by making a greater effort to involve various business partners. In addition, the Prix Garantie label was selectively expanded by another 130 products to more than 400. Besides these measures, Coop realized more than 300 specific, permanent price reductions in individual products. In the year under review, the Coop Group succeeded in

lowering the prices of the product offering as a whole by 1.8 %. This was not the result of supermarket price reductions alone, but also of those in the specialist stores, in which prices were down by almost 3 %. Representative surveys conducted by neutral market research institutes and various price comparisons in the media show that Coop has achieved price parity with its main competitor in the Prix Garantie bargain-price range, in branded articles and in comparable own-brand products. Coop's pricing performance received an additional fillip from the many special offers, whether regular or event-generated.

POLITICAL ISSUES

Coop fights against Switzerland's excessively high prices

In 2006, Coop continued to express its opposition to policies that preserved Switzerland as a high-price island, for instance in relation to the revision of the patent law to allow parallel imports and in removing technical barriers to trade through the "Cassis-de-Dijon" principle (unrestricted import of products produced in the EU under less stringent conditions). Both projects seek to combat the isolation of the Swiss market and remedy the price discrimination against Swiss consumers. To attract more effective publicity for their concerns, Coop has joined with Migros, Denner, Valora, Manor and Charles Vögele AG to form the Swiss retailers' association, IG DHS. With its objective information and clear positions, this interest group plays an important role as a partner in dealings with government and politicians. As competition increases and margins shrink, the business and political environment assumes great significance. This also holds for the discussion about a uniform value-added tax, which at one stroke would wipe out all the success in cutting costs and prices in the food sector in recent years.

Coop supports a free-trade agreement with the EU

After the Federal Council abandoned the idea of a comprehensive free-trade agreement with the USA at the beginning of 2006, the possibility of a free-trade

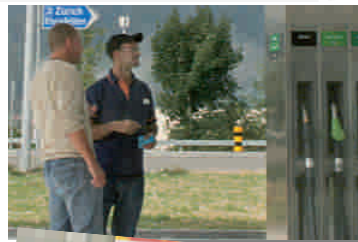
agreement with the EU for agricultural products was on the table. Coop has studied this option thoroughly and views it as a real opportunity for the Swiss agricultural and food industries. Although the agricultural package proposed by the Federal Council, AP 2011, is a step in the right direction, it will be impossible to reduce the huge price differentials with Switzerland's neighbours without a reduction in tariffs large enough to have a competitive effect – with absolute priority for animal feeds. Moreover, in Coop's opinion, a binding, long-term framework that will encourage investment is also needed.

Lengthy procedures raise costs

Coop is closely following the revision of the Environmental Protection Law with respect to associations' right of appeal against new development projects, and various changes in master plans and building and planning laws at the cantonal level. Many cantons are suffering from the effects of uncoordinated building activity in the form of overloaded road networks and a lack of suitable sites for new housing estates. Coop has to face lengthy and costly planning permission procedures for building projects and deal with parking-space restrictions and fees. These factors result in massive, undesirable shifts in customer flows. It is a disruptive factor for the retail trade that, compared to recreational and commuter traffic, a disproportionate burden should be placed on shopping traffic. In addition, giving foreign discounters far away from inner-city locations permission for many times the parking space in relation to sales area without any obligation to levy parking fees or conduct an environmental impact assessment is tantamount to unfair competition. To help make its concerns heard in the political process, Coop has joined forces with other companies in the retail and property businesses to form an interest group called *espace.mobilité*.

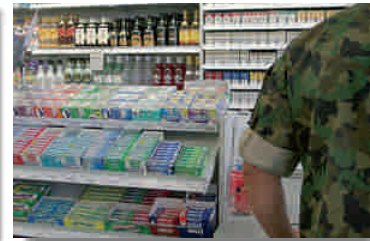
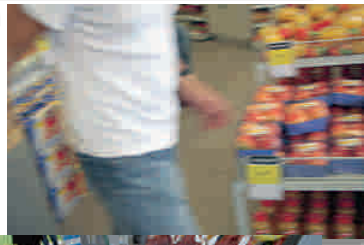


Benedikt Pachlatko, Andreia Da Conceção and Emilio Rosamilia
at the Coop Pronto petrol station in Kaiseraugst



PAY WITH COOP'S CREDIT CARD AND EARN SUPERPOINTS – ANYWHERE, ANY TIME

Service Since summer 2006, Coop has been offering Supercard plus, Switzerland's first no-fee credit card. In addition, customers can now pay for their shopping at any Coop check-out counter with Mastercard credit cards – a new Coop service.



Besides the Supercard customer-loyalty programme, Coop also provides information online and in the Coop member press, or special offers such as bargain-price SWISS air tickets at Coop City department stores in November 2006. Also typical of Coop's service focus are the customer-friendly locations and the extended opening times of Coop Pronto Shops.

Benedikt Pachlatko is Head of Customer Programmes and therefore responsible for Supercard plus. There are several reasons why he is satisfied with the project: "We've started something in the market. We've shown that it's possible to offer a no-fee credit card. And – most importantly – we've created a new, customer-friendly service that had not hitherto been available in this form. It's exciting to see how we can get things moving!"

Emilio Rosamilia is Manager of the Coop Pronto Shop and Coop petrol station in Kaiseraugst. "You've always been able to pay with a credit card at our petrol stations. So it seems logical that there's now a Coop credit card. I can already feel a positive echo from customers to our extended opening times. Now there are even more such positive reactions."

Andreia Da Conceição works at the check-out desk of the Pronto Shop in Kaiseraugst. She handles countless Supercard plus cards in the course of her shift. "It's good that customers can now pay with the Coop credit card and also earn Superpoints when they fill up their tanks here. They become even more aware that they're not buying petrol just anywhere, but at Coop."





PRODUCTS AND SERVICES

NEW PRODUCT LINES, HIGHLY RESPONSIBLE POLICIES AND ATTRACTIVE SERVICES

Diversity with an unparalleled brand mix

Coop offers a highly individualistic public the greatest diversity of products and services in Switzerland. With its unique mix of labels and brands, Coop's product range covers the entire spectrum of customer needs and aspirations. Each of the labels and brands is positioned in one of four price segments. This structure ensures that customers enjoy maximum choice and transparency in respect of quality and price. The lowest price segment is the bargain-price Prix Garantie label. The next level comprises Coop's affordable, high-quality own-brand products. The third price segment includes the classic branded articles and Coop's flagship labels for specific needs, such as Coop Naturaplan and Betty Bossi. Finally, there is the top price segment of premium brands and the Fine Food label, which guarantee customers the highest quality and enjoyment. In the year under review, Coop added two new labels to its offering – Délicorn and Free From – and enhanced its existing product ranges.

Coop has expanded the diversity of its offering with new product lines for specific aspirations, without neglecting its strengths in the eco-ethical field or in branded articles. It has also developed a range of attractive offers available outside its sales outlets.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE FLAGSHIP LABELS

Coop Naturaplan back on expansion track

Coop Naturaplan organically produced food and meat, and eggs from humane animal husbandry with access to range, is the largest of Coop's four environmentally and socially responsible flagship labels. Sales rose by a modest 1.3% to 1.06 billion francs. This is a turnaround after the first decline ever in sales in the previous year owing to lower prices and a greater range of choice for meat, which accounts for most of this flagship label turnover. Fortunately, the downward trend did not persist: despite a further increase in the range of conventional meat products, sales of meat and eggs from humane animal husbandry with access to range were a stable 459 million francs. Sales of organic products rose slightly to 603 million francs, 2% higher than in the previous year. Coop maintained its leadership in the Swiss organics market with a share of over 50%.

Coop Naturafarm brings clarity

In spring 2007, Coop is launching the Naturafarm flagship label for meat and eggs from humane – but not organic – animal husbandry, which up until now had been marketed in a distinctive blue packaging under the Coop Naturaplan label. Henceforth, the Coop Naturaplan label will be used exclusively for organic products. This division into two separate brands will facilitate better positioning and clearer communication of the added value of each label.

Popular ProSpecieRara seeds and seedlings

Sales of the Coop range of ProSpecieRara heirloom native plants increased by 18 % in 2006. Besides fruit and vegetables in Coop supermarkets, the seeds and seedlings sold at Coop Building & Hobby centres were also very popular. ProSpecieRara is now an independent Coop flagship label with a new packaging concept and more detailed information about the individual products.

Coop Naturaline now offers fashionable jeans

In 2006, the Coop Naturaline flagship label increased sales once again by 12.1 % to 57 million francs. The Coop Naturaline product range includes textiles from organic cotton production and fair trade and personal-care articles made with natural raw materials. Textiles alone posted sales of 44 million francs, which is 16 % more than in the previous year. A substantial part of the turnover was made by Naturaline Shops in Coop City department stores. Here customers can find the full range of clothing – including the new offering of fashionable jeans and men's shirts – in attractive surroundings. Naturaline Shops for soft furnishings were launched at two locations. Sales of personal-care articles remained stable at 12 million francs.

Coop Oecoplan offers phosphate-free dishwasher tabs

The Coop Oecoplan label comprises a wide range of non-food products that are environmentally friendly and not harmful to health, such as organic flowers and plants, recycled-paper products, biodegradable detergents and cleaning products (including the newly introduced phosphate-free dishwasher tabs), energy-saving refrigerators and freezers, and FSC-certified wood products. This group is still the leading sales performer in the Coop Oecoplan range, most of which can be bought in the Coop Building & Hobby centres. After stagnating in the previous year owing to the new low-price offers and the drop in prices at Coop Building & Hobby, Coop Oecoplan sales in 2006 were a stable 94 million francs.

Max Havelaar: fewer bananas

In the year under review, sales of Max Havelaar-certified fair-trade products dropped by 1.6 % to 111 million francs. This is primarily a consequence of Coop's decision in August 2005 – in response to its price-segment strategy and customers' greater price awareness – to launch its own-brand, conventionally produced bananas rather than sell only those from Max Havelaar. As a result, the fair-trade share of banana sales – the main sales performer in the Max Havelaar range – fell to 88 %. This is still a gratifying high value and indicative of customer awareness of fair-trade products. Coop remains one of the world's leading providers of fair-trade products: one eighth of all such products were sold in Switzerland, 57 % of which at Coop. About one sixth of the Coop's Max Havelaar offerings are available as organic products.

HEALTH AND CONVENIENCE FLAGSHIP LABELS

Weight Watchers range expanded

Since 2005, Coop's Weight Watchers flagship label has catered to the rapidly growing demand for low-fat, low-sugar and low-calorie products. Pricewise, the Weight Watchers products, which supersede the Lifestyle label, are comparable with Coop's own-brand products. As a service for those following the dietary organization's weight-loss and weight-maintenance programme, the packaging indicates the respective number of Weight Watchers points. In the year under review, Coop expanded the Weight Watchers line from 150 to more than 260 products, and in doing so increased turnover by 55 % year-on-year to 120 million francs. In the current year, the range will grow to close on 350 products. Coop's medium-term target is sales from 200 to 300 million francs and the market leadership in the low-calorie segment.

Betty Bossi: rapid pace of innovation

In 2006, the Betty Bossi label further entrenched Coop's market leadership in fresh convenience food. The label now comprises some 650 items, which are either for immediate consumption (ready to eat) or can be prepared rapidly (ready to cook), and increased sales by 5 % to 411 million francs. In the year under review, the flagship label again introduced a number of successful products, e.g. Betty Bossi fruit smoothies. Five years after the cooperative venture with Coop was launched, Betty Bossi has become the Swiss brand synonymous with quick, practical preparation of meals combined with quality and enjoyment.

BRANDED ARTICLES

Unique platform for innovation

Coop stocks the largest selection of branded articles in Switzerland. The range on offer is an important reason why many consumers choose to shop at Coop. In 2006, branded articles accounted for a major part of Coop's sales (45 %) and so are still the mainstay of the Coop offering. Coop positions the standard brands in the medium price segment and premium brands in the

highest price segment clearly and in accordance with their marketing goals. Coop regularly reviews all ranges from the point of view of brand potential. In the year under review, successful innovations included the Knorr Vie and Hero Fruit2Day functional fruit and vegetable juice ranges and the new Nescafé Dolce Gusto coffee capsule system. Coop offers a unique platform for positioning such innovative branded articles and will continue to cultivate good and sustainable partnerships with many distinctive brand manufacturers.

OWN BRANDS

Brand quality at favourable prices

In addition to branded articles, Coop offers a wide range of own-brand products, thereby ensuring that consumers have greater choice and transparency in terms of quality and price. Own-brand products accounted for 40 % of Coop's overall sales. They offer brand-article quality at affordable prices, and the various lines satisfy very specific customer needs in all price segments. Besides expanding the range of Fine Food gourmet specialities and Prix Garantie bargain price articles, Coop launched two new labels in the year under review: Free From products meet the needs of people with specific food allergies and Délicorn offers a healthy, balanced cuisine using vegetarian products.

Fine Food doubles its range of specialities

In 2006, Coop once again more than doubled the Fine Food range of outstanding, high-quality specialities that satisfy the customers' need for enjoyment and culinary experience. A particularly large number of Swiss specialities were also added to the range. In view of the improvement in consumer sentiment, Coop's decision to expand its own-brand articles in the premium range with Fine Food is bearing fruit. The Fine Food range now offers more than 250 products, each with information about the article's particular origin or history and advice on preparation. In 2006, the label achieved sales of 40 million francs; the target for 2007 is 65 million.

Free From for people with food allergies

In April 2006, Coop launched the Free From range of products for people allergic to lactose and gluten (wheat protein). A group of 17 lactose-free dairy products led the way. The 12 gluten-free products are offered through a partnership between Coop and DS Food, the European market leader in this field. All products in the Free From range share a standard labelling design and are priced in the medium price segment, making them considerably less expensive than branded articles. Many products are innovations that were previously not available in the Swiss market. About 40 products are now sold under the Free From label and the range will continue to expand in the coming years, including products for other allergies, for instance to eggs and certain vegetables.

Délicorn rides the trend

Coop presented Délicorn in spring 2006, its new label for vegetarian products. The label currently markets 25 products made with soya, wheat or other cereals, some of them organically grown. Coop has developed the Délicorn label in response to a growing trend among consumers to reduce their meat consumption or to eat only vegetarian food. All products carry the European V (vegetarianism) logo and are certified by the Swiss Vegetarian Union. In addition, some products are fully organic or are also suitable for consumption by vegans.

Prix Garantie: product range expanded

In 2006, Prix Garantie, Coop's guaranteed bargain-price label was substantially expanded in two steps: in spring and in late summer a combined total of 130 articles were added to the range. The popular label in its distinctive pink packaging now comprises more than 400 food and non-food items, available in Coop supermarkets, Coop City department stores and in Coop Building & Hobby centres. Coop posted sales of 365 million francs with the Prix Garantie label. This is equal to an increase of 8% year-on-year. New personal-care and hygiene products made a substantial contribution to this growth. As part of its strategy to further increase its price attractiveness, Coop intends to selectively expand the Prix Garantie range in 2007.

SERVICES

Fill up with Superpoints

Coop Supercard is still the largest customer loyalty programme in Switzerland: more than 2.3 million people use the card. Seventy-six percent of all sales in Coop supermarkets earned Superpoints. In 2006, customers claimed two million bonus gifts to the value of about 120 million francs, which represents an increase of 3% year-on-year. Since September 2006, customers have been able to fill up their Supercards at Coop petrol stations: one Superpoint is awarded for every litre of petrol or diesel.

Supercard plus: the first no-fee credit card

At the beginning of July 2006, Coop launched Supercard plus, the first Swiss credit card without an annual fee. By the end of the year under review, the partner firm, Swisscard AECS AG, had issued a record number of more than 140,000 Mastercard credit cards. Coop Supercard plus unites the advantages of Coop's popular customer loyalty programme with the worldwide acceptance of Mastercard. Customers can use it to earn points as usual at Coop Group points of sale, and they also earn one Superpoint for every two francs spent when the Mastercard is used to pay for purchases elsewhere. Besides requiring no annual fee, other advantages of Supercard plus include attractive annual rates of interest on the payment-by instalment option and low foreign currency surcharges. Since the launch of Supercard plus, customers have also been able to use Mastercard credit cards in all sales outlets of the Coop Group.

ITS Coop Travel offers family-friendly tours

Since September 2006, Coop and its joint venture partner REWE Touristik, a German company, have been offering package tours under the ITS Coop Travel label. The travel catalogue on display in more than 1000 Coop sales outlets in German-speaking Switzerland offers up to 200 tours that customers can book by telephone or on the Internet. ITS Coop Travel all-inclusive tours offer attractive prices in particular for families, lone parents and senior citizens. All offers have a lowest-price guarantee: if another Swiss operator

offers the same tour with identical services at a lower normal price within two weeks of the date the reservation was made, the customer will receive a refund for the price difference.

Coop offers cheap European flights with SWISS

In October 2006, Coop and SWISS signed a five-year strategic partnership. The agreement includes existing activities such as Coop's position as supplier of wine to SWISS and the very popular Miles & More bonuses, which can be earned with Superpoints, and it allows for new forms of cooperation. The first concrete measure was the sale of SWISS flights to European destinations at bargain prices in Coop City department stores in November. Within a few days customers had bought more than 25,000 flight tickets.

CoopMobile: Superpoints increase attraction

Prix Garantie CoopMobile, Coop's particularly low-rate prepaid offer in mobile telephony, already had 170,000 customers by the end of 2006. This represents a doubling year-on-year. And every week some 1,500 new customers learn the advantages of the inexpensive SIM card on its own or together with a mobile phone; customers have the option of paying with Superpoints. Market research shows that 97 % of users are satisfied or very satisfied with the offer. In particular the fact that customers can recharge their SIM card at about 7,000 Coop check-out desks when paying for their normal shopping has gone down very well.

INFORMATION AND MEDIA

The new advertising campaign: Coop for me and you

Coop has restructured and bundled its advertising and communication activities and is now running a new media campaign that brings together all formats, product ranges and services under one roof. The campaign takes diversity as its message and addresses Coop's customers by appealing directly to specific target groups with all their individual needs and aspirations. The new claim accompanying the Coop logo crystallizes this approach: Coop for me and you. The campaign consists of emotive, original and sincere stories told in TV commercials, newspaper advertisements, on posters or on carrier bags. The stories communicate product and range diversity, price performance, customer focus and Coop sales channels and services in an attractive way with which the public can identify. In addition to the spontaneous positive echo, market research shows that the new Coop campaign is effective and has been well received.

Coop member press: best printed and most widely read

In 2006, the Coop member press, a weekly that appears in three language editions, extended its position as the most widely read Swiss newspaper. With a circulation of 2.4 million, the Coop member press is delivered to about two thirds of all households in Switzerland and read by about 3.3 million people. In October, it received an award at the IfraExpo newspaper trade fair in Hamburg for the quality of its print. This is the second time in succession that the Coop member press has been designated one of the 50 best-printed newspapers in the world. This award is a distinction

not only for the Coop member press, but also for the printing partners Basler Zeitung (Basel), Ringier Print (Adligenswil), Edipress (Bussigny) and St. Galler Tagblatt (St. Gallen).

Service-oriented expansion of website

www.coop.ch remains one of the most popular websites in Switzerland, and far and away the leading website among retailers, recording 13 million visits and 74 million pages viewed in 2006. In the year under review, the focus was on service-oriented expansion of the Coop website. With more than 1,000 recipes that can be accessed according to different health, product and price criteria, the new recipe collection has proved to be extremely successful. Particularly with the new shopping portal coop@home now online, the Coop website offers customers not only information but a growing number of shopping functions.

Coop Info Service for the entire Coop Group

In 2006, the Coop Consumer Service received more than 120,000 queries, an increase of about 20 % year-on-year. The new labels and offers such as Supercard plus and the recurring Coop Trophies have increased the demand for information. With the launch of the revamped website in 2006, a good 50 % of all queries were answered online. The rest of the contacts were handled by post or by telephone. In the year under review, the Consumer Service of Coop Mineralöl AG made use of the Coop Customer Service's structures for the first time. As a result of the company's positive experience, other companies of the Coop Group will be integrated into the web-based service in the course of 2007.

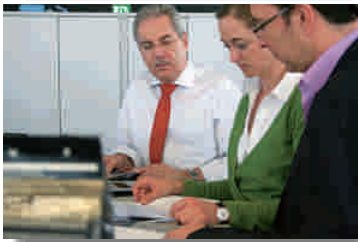
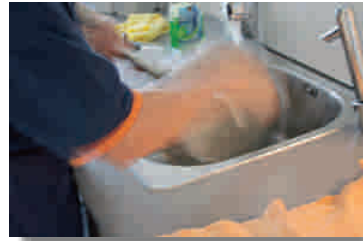


Judith Imhof, Roland Frefel and Astrid Heim
in Coop's Test Kitchen in Basel



FINE FOOD – A NEW LINE THAT LEAVES NOTHING TO BE DESIRED

Innovation Coop's broad mix of brands makes it a provider of innovative products that satisfy specific needs of discerning customers.



Since 2004, Coop has developed a number of different new lines that include the gourmet products of the Fine Food label, as well as the fixed bargain-price label Prix Garantie and lines that meet specific dietary needs such as Weight Watchers, Délicorn and Free From. The focus of Fine Food is on quality, maximum culinary enjoyment and careful selection of suppliers.

Roland Frefel, Head of Category Management for Basic Foods & Beverages, is responsible for developing and marketing Fine Food. “It was a good decision: with Fine Food we hit on the right customer need at just the right time. Many customers are focusing more on specialities and culinary pleasure. For me, range innovation means identifying trends at an early stage and developing them with new products.”

Judith Imhof is Head of Packaging Development. “The packaging is part of the product’s soul. It not only provides protection and information, it also communicates a message. The message for Fine Food is exclusiveness. We also create transparency: customers can already tell from the packaging what it is they’re buying and what value they’re getting for their money.”

Astrid Heim is Head of the Test Kitchen at Coop’s headquarters in Basel. Every day she tests a wide range of products for their quality and organizes comparative tastings of products. “For me it’s obvious that new products cannot be successful just because they’re trendy. New products are innovative only if their quality is absolutely impeccable. By the way, tastings of Fine Food products are a particular pleasure!”





SALES FORMATS

NEW SALES OUTLETS, LONGER OPENING HOURS AND ONLINE SHOPPING

SALES OUTLETS: RETAIL

Now in the Principality of Liechtenstein

The core business of the Coop Group is the 803 supermarkets it operates in all regions of Switzerland. In 2006, it achieved sales of 9.81 billion francs, an increase of 3.3% compared with the previous year. Coop opened 10 new stores and closed 12. The sales area grew slightly to 848,900 m². Coop is continually renovating and remodelling supermarkets in accordance with its new sales-outlet look. In the course of the year under review, Tchibo Shops were integrated into all larger supermarkets in German-speaking Switzerland; each week, customers are transported by a new offer into a different theme world. In addition, Coop entered the Liechtenstein market for the first time, opening a supermarket in Vaduz in spring and another in Schaan in summer.

Shopping in new dimensions at the La Maladière Centre

In March 2006, Coop opened its megastore in the new Pilatusmarkt in Kriens. The new centre replaces the Pilatusmarkt at the old location. One highlight of the year was the opening of the La Maladière shopping centre in Neuchâtel in October as part of the city's new football stadium. With a sales area of 28,000 m² and

Coop is investing in shopping centres with larger sales areas, but also in small, practical convenience shops with attractive opening times. It has also added a watch and jewellery chain to its specialist channels. Moreover, a continually growing range of Coop products can be ordered from home.

54 stores, the new centre offers a shopping experience that is unequalled in Switzerland. The Coop Group is the major anchor of the shopping centre, represented by an Interdiscount XXL, a Vitality pharmacy, an IMPORT PARFUMERIE and a CHRIST Bijouterie, as well as a megastore. Coop now operates 13 megastores. In spring 2007, the opening of the Sihlcity supermarket in Zurich will add yet another Coop flagship store.

New Ca'Puccini coffee bar

Besides a restaurant in the traditional format, the La Maladière Centre also includes a new Coop catering format in the shape of the Ca'Puccini Italian coffee bar. The success of the new coffee bar has exceeded all expectations. This is also true of the second coffee bar, which opened in Unterentfelden in October. In 2007, the Ca'Puccini format will be introduced at numerous other locations.

passabene well received

In 2005, Coop started its first self-scanning pilot test with passabene, which allows customers to scan their purchases themselves with a hand-held scanner. The object of self-scanning is to reduce the queues at the check-out desk that are a source of regular complaints in customer surveys. In 2006, pilot tests in three sales outlets established that passabene was particularly popular in urban areas and conurbations. Apart from saving time because goods did not have to be un- and reloaded, customers particularly appreciate the transparency they gain from having the running total always displayed on the hand-held scanner. By the end of 2007, the passabene self-scanning system will be available in all regions of Switzerland in about another 80 outlets with a sales area of more than 2,000 m².

ONLINE SHOPPING

More than 10,000 products on coop@home

In August 2006, Coop merged the Online Supermarket and the Coop Wineshop to create the new coop@home shopping format. With this step, the product range soared from 4,000 to more than 10,000 products. Coop now offers the biggest online range of items in Switzerland that shoppers can order on the Internet or by telephone or fax. At coop@home, customers can do their weekly shopping – including fresh produce, deep-frozen foods and more than 1,000 vintage wines from all over the world – at the same prices as in sales outlets. The offering is rounded off with a gift service. coop@home delivers orders personally to the front door at a chosen time in areas covering 60 % of Swiss households. This logistics achievement was made

possible by closing down the former logistics centres in Zurich and Geneva and moving to a new, centrally located site in Spreitenbach. coop@home – the Online Supermarket and Wineshop combined – produced sales of about 45 million francs in 2006, which represents an increase of 38 %.

SALES OUTLETS: TRADING

Coop City on the right path

After a thorough streamlining of locations, Coop City, the Group's department-store arm, is well positioned with 34 locations throughout Switzerland. Coop's medium-term plan is to expand it to about 40 department stores, thereby reinforcing the Group's position as the clear No. 2 among Swiss department store operators. In 2006, Coop City Department Stores generated sales of 939 million francs, much the same as in the previous year. If the effect of closing the former EPA department stores is factored out, sales grew by 1.9 %. In spring, Coop's latest department store opened its doors in the new Pilatusmarkt in Kriens. Coop City in Genève Myron was completely remodelled. The supermarket at the basement level of Coop City St. Annahof in Zurich was also refurbished and its food offering expanded in the gourmet range. The new shops carrying the full range of Coop Naturaline clothing are now operating in all department stores. In Dietlikon and Kriens there are also Naturaline Shops that carry a range of soft furnishings. The innovative natural cosmetics corner is now serving customers at ten locations. Plans for 2007 include the complete refurbishment and expansion of Coop City Ryfflihof in Berne and the opening of Sihlcity in Zurich.

Coop Building & Hobby still the market leader

The Coop Building & Hobby centres retained their market leadership in 2006, despite increasingly fierce competition in their market environment generated by the market entry and aggressive expansion drive of big foreign retailers. The 67 Building & Hobby centres – the same number as in the previous year – posted sales of 642 million francs, a modest 1.2 % more than in the previous year. After comprehensive remodelling and expansion, the centres in Payerne, in the new Strättligenmarkt in Thun and in the Pilatusmarkt in Kriens opened their doors in spring. To maintain its attractive prices, Coop Building & Hobby has stepped up its cooperation with the toomax international purchasing group. In addition, the Prix Garantie offering has been expanded from 40 to around 90 products. The medium-term plan is to increase the number of Coop Building & Hobby centres to 80. In 2007, the largest Coop Building & Hobby centre with a sales area covering some 9,000 m² was opened in Lyssach.

Interdiscount sourcing goes international

In 2006, Interdiscount opened two new XXL stores in Crissier and Neuchâtel. With a total of 178 stores, Interdiscount raised sales to 909 million francs, slightly more than in the previous year. As part of the channel's product strategy, it substantially expanded and emphasized its range of small household appliances. Interdiscount has selectively internationalized its sourcing strategy. Within the European sourcing alliance Coopernic, Interdiscount is responsible for coordinating purchases of consumer electronics for all member companies. Higher purchasing volumes mean better prices for customers.

Toptip and Lumimart reorganize their logistics

Owing to streamlining and optimizing of the sales-outlet network, Toptip and Lumimart sales declined by 2.3 % year-on-year to 240 million francs. While furniture sales outperformed the sector as a whole, sales of home accessories and lighting fixtures fell. Expansion in the building/DIY supplies sector is creating intense competition for Lumimart. Toptip and Lumimart, taken together, now operate 58 sales outlets throughout Switzerland. By establishing a new logistics centre in

the former Coop distribution centre in Bützberg, Toptip and Lumimart have improved processes and simplified merchandise flows.

IMPORT PARFUMERIE also successful online

In 2006, IMPORT PARFUMERIE raised sales by 3.2 % to 148 million francs. After opening 7 new stores, it now operates 93 sales outlets. A new shop-design concept was successfully tested in Aarau, Solothurn and Wettingen and is now used for all new stores. In time, all existing sales outlets will be redesigned in line with this concept. For the past two years, IMPORT PARFUMERIE has also operated an online shop from which customers can order all articles and special offers available in normal sales outlets. In 2006, online sales increased by a good third.

Vitality pharmacies: expansion in a changing environment

After an acquisition in Langenthal and the opening of a new shop in the La Maladière Centre in Neuchâtel, Coop Vitality now operates 21 pharmacies. Sales again increased appreciably by 57.5 % to 48 million francs. In addition to prescription-only and over-the-counter medicines, Coop Vitality pharmacies offer other ranges of healthcare products. The channel is positioned in a market environment that is changing as a result of pressure on medicine prices. New sales outlets are planned in the coming years, particularly in shopping centres.

Coop acquisition: CHRIST Uhren und Schmuck

In 2006, Coop acquired AX4 Holding AG, owner of the jeweller CHRIST Uhren und Schmuck. The CHRIST sales channel has been integrated into the Trading Business Unit and is managed by the head of IMPORT PARFUMERIE. Common themes such as beauty, lifestyle, prestige and luxury lend themselves to a joint image for the two channels. The CHRIST group operates more than 78 outlets, of which 36 are located in shopping centres and 16 have a shop-in-shop format in various department stores. The chain has used a new shop-design concept in the stores opened in the new Pilatusmarkt in Kriens, on the Via Soave and the Via Nassa in Lugano, in the La Maladière Centre in

Neuchâtel and the Gartenstadt centre in Münchenstein. In the year under review, its staff of 512, all of whom were taken over by Coop, generated sales of 95 million francs.

PETROL STATIONS AND CONVENIENCE SHOPS

Coop Mineraloel AG increases market share again

Coop Mineraloel AG, which operates Coop petrol stations and Coop Pronto Shops, boosted sales to 1.45 billion francs, another record result and 14.9 % higher than in the previous year.

In the year under review, crude oil prices rose further, though not as much as in the previous year, and competition in the petrol market was stepped up. Sales of road fuel grew by a modest 0.5 % in the Swiss market as a whole, whereas Coop Petrol Stations posted a huge increase in sales, due in part to the opening of 18 new outlets. It increased its market share and reinforced its position as the No. 3 in the Swiss petrol-station business.

Coop Pronto Shops offers more fresh produce

Coop Pronto Shops at petrol stations and heavily frequented inner-city locations benefited once again from strong growth in the convenience market as a whole. In the year under review, Coop opened 17 Pronto Shops at petrol stations and four stand-alones. Many existing shops were modernized and enlarged. Not only opening times, but also the product ranges are regularly brought into line with customer needs. In particular, the fresh produce on offer is being further expanded. This range is increasingly becoming the true visiting card of Pronto Shops, as it distinguishes them from the competition. The Coop Pronto Shop in Allschwil became the first at a petrol station to be fitted with a salad bar. In 2007, Coop plans to open 20 new Coop Pronto Shops, both at petrol stations and stand-alones, including two stand-alone shops in the Bellinzona North and South motorway service areas.

TRANSGOURMET

Growth opportunities in France and Switzerland

In 2005, Coop and the REWE Group founded the transGourmet Group as a joint venture, with Coop integrating Bell Gastro Service into the new group. transGourmet is active in the wholesale supplies and cash & carry business in France and Switzerland and is the leader in the bulk-buying business in both countries. The joint venture is Coops' first significant commercial undertaking outside Switzerland. In 2006, the cash & carry business of Prodega / Growa and the wholesale supplies business of Howeg / Bell Gastro posted sales of some 1.3 billion francs. In France, the Aldis Service Plus and Prodirest units of transGourmet achieved sales of around 1.1 billion euros. Investments in logistics with a time-frame of 2011 will create even more efficient services for customers in France. Coop anticipates considerable growth opportunities in this segment in the coming years, from which many of its business partners can also benefit.




Philipp Sigrist, Elisabeth Rölli and Rudolf Burger
in front of Coop City St. Annahof in Zurich



**COOP IS EVERYWHERE IN SWITZERLAND –
AND ALWAYS WITH A DIFFERENT FACE**

Diversity A look at the Trading Business Unit shows what else Coop has to offer in addition to the familiar supermarkets. Trading encompasses the full diversity of the Coop Group's dedicated sales formats and specialist shops.





They include the Coop City department stores, the Building & Hobby centres, the consumer-electronics provider Interdiscount, the furnishings and lighting stores of Toptip and Lumimart, the IMPORT PARFUMERIE shops, the Coop Vitality pharmacies and Coop Mineraloel AG. With effect from the beginning of 2006, Coop also took over the 78 watch & jewellery shops of CHRIST Uhren und Schmuck. This sales channel – in conjunction with IMPORT PARFUMERIE – is also run from the Trading Business Unit.

Rudolf Burger, Head of the Trading Business Unit, put the focus on diversity: “Coop doesn’t just stand for food. It also stands for leisure, consumer electronics, lifestyle, hobbies, homestyle or, for that matter, luxury – and all of that throughout Switzerland. I’m pleased that we’ve been able to add a further important dimension of diversity through the acquisition of CHRIST.”

Elisabeth Rölli, is Manager of the IMPORT PARFUMERIE store in Zurich’s Bahnhofstrasse. “Many customers only realize that we’re a Coop company when they’re asked about Supercard. Coop’s diversity is always good for a surprise. The Bahnhofstrasse is a case in point: you see a lot of Coop, but it’s always with a different face.”

Philipp Sigrist, Manager of Coop City St. Annahof in Zurich, is proud of the huge diversity of merchandise on offer in the Bahnhofstrasse department store. “We offer everybody just what they need – from the gourmet department in the basement and the household, textiles and toys departments to the Coop Restaurant on the top floor!”





PERSONNEL

HIGHER OVERALL PAYROLL, A BONUS GIFT AND, ONCE AGAIN, A HIGHER NUMBER OF TRAINEES

HEADCOUNT

Headcount remains stable

At the end of 2006, Coop employed 45,484 people, 1.3 % more than twelve months earlier. Factoring out the 512 new employees taken over with the acquisition of the CHRIST sales format, the headcount remained more or less stable. The challenging market environment means that Coop has regularly to review and adapt all areas of personnel costs. For instance, employees taking retirement are not always replaced. The growing number of employees giving notice has also made Coop aware that the job market is changing.

SOCIAL PARTNERSHIP

Thanks and recognition

Coop's contacts with its negotiating partners KV Schweiz (Swiss commercial association), Syna/OCST and Unia (trade unions), and VdAC (Association of Salaried Employees of Coop) were frank and constructive in the year under review. The round of wage negotiations for 2007 resulted in an increase of 2.5 % in the total payroll. All employees with a gross monthly wage of less than 4,500 francs were awarded an additional 100 francs a month. With this measure, Coop is ensuring systematic improvement of the lower pay

Coop has increased the total payroll for 2007 by 2.5 % and the minimum wage to 3,500 francs. In the year under review, Coop again employed 306 trainees more than in 2005 – and the total is projected to rise further. In the second Swiss-wide Veritas employee survey, all the Group's employees were given an opportunity to express their views about Coop as an employer.

segments, in which particularly large numbers of female staff are employed. In addition, of the overall payroll increase, 0.5 percentage points were reserved for improvements in the pay of female employees. The remainder is for individual, performance-based pay increases. Coop has also raised its minimum wage again: it is now 3,500 francs a month or 19.80 francs an hour. Coop has defined 3,600 francs a month as the reference wage for employees with two years' training, i.e. after a certified two-year traineeship, 3,800 francs for those with three and 4,000 francs for those with four years' training. Furthermore, as a token of appreciation for their dedication, in January 2007 all active and retired employees received a bonus in the form of shopping vouchers worth a total of 12 million francs.

TRAINING

More trainees at Coop

At the end of 2006, 2,323 trainees were employed at Coop – 306 more than in the previous year. In 2007,

Coop will offer an additional 100 traineeships as part of its efforts to further increase the number of traineeships. Coop offers such positions in 23 different occupations. By far the greatest number of trainees are taking the new basic traineeship "Verkauf.CH". This will enable them to qualify as a retail specialist after three years of training, or, alternatively, as a retail assistant after a two-year training period which ends with the award of a certificate rather than a diploma. In addition to sales, Coop also offers certified two-year traineeships in various occupations in the field of logistics. They offer suitable career opportunities for young people whose strengths are more practical than academic.

CORPORATE CULTURE

Second major employee survey

In spring 2006, Coop carried out the second Swiss-wide Veritas employee survey. Some 39,000 employees were given an opportunity to express their views on specific topics such as management, supervisors, co-workers, information, having a say in decision-making, and on more general topics. The response rate in excess of 50% was considerably higher than in the first Veritas survey four years previously. Employees were able to rate their workplace on a scale from 1 to 6 by answering a number of questions. Ratings of the individual topics ranged from 4.40 (satisfactory) to 4.71 (good): the employees perceive Coop as an enterprise with clearly defined structures, consider the working climate to be pleasant and feel well supported by their co-workers. They endeavour to work to a high standard. The feedback culture was judged to be a weak point: the employees would appreciate more recognition, praise or encouragement. In addition, the employees feel the growing pressure of work and the increasingly hectic pace. The survey results were given prominence in the 2007 goal-setting process. They should result in perceptible improvements for all employees.

PENSION FUND

Slightly higher CPV / CAP reserve ratio

After an exceptional year in 2005, the CPV/CAP produced solid, though not outstanding, returns on its investments in 2006. Whereas stock markets again benefited from the positive economic environment and produced an above-average performance, bond returns were unsatisfactory on account of the rise in global interest rates. On balance, though, the overall results were positive, with the fluctuation reserves rising by 150 to 560 million francs. The reserve ratio also increased, to 109.8%.

The new investment committee appointed at the end of 2005 has done its work well, and the new investment strategy was implemented according to plan. The results demonstrate that the performance was in line with the strategy. Continuing its cautious policy on reserve capital, the Board of Directors decided to leave the interest on retirement savings capital on which insured active members' benefits are based at 2.75% and raise current pensions by 0.75%. Once again, the number of insured active members fell, while the number of pensioners increased. In the area of insurance, the changes necessitated by the first stage of the revision of the Swiss Federal Law on Occupational Pensions were completed. In mid-January 2006, the CPV / CAP launched its website, which offers all the relevant information on insurance, investments and property.

LOGISTICS AND MANUFACTURING

MODERNIZED LOGISTICS, NEW IT SOLUTIONS AND SUSTAINABLE MANUFACTURING

LOGISTICS AND IT

Logistics strategy completed

In 2006, the completion of two building projects concluded the implementation of the nationwide logistics strategy launched as part of the CoopForte merger project. Starting in July, the new Coop distribution centre in Aclens gradually came on stream after two years of construction work. With the opening in Aclens, all other distribution centres in French-speaking Switzerland were shut down, apart from that in La Chaux-de-Fonds. Supplying the Vaud, Fribourg, Geneva and Valais regions from a single location will greatly reduce operating and logistics costs. Coop also completed the remodelling and expansion of the Wangen distribution centre, the largest by far in Switzerland. Further consolidation will take place in the Zentralschweiz-Zürich Sales Region when the new Dietikon distribution centre replaces the existing centres in Zurich and Kriens, probably in 2008.

New processes using SAP / WAMAS

The introduction of SAP and WAMAS supply chain and warehouse management software is closely linked to the new logistics processes. In 2006, these programs replaced all the existing systems, with the result that many processes now run more efficiently and reliably.

The commissioning of the new distribution centre in Aclens marks the completion of Logistics Strategy 2005. New IT solutions simplify order picking and work processes in the sales outlets. Coop's manufacturing companies are producing more offers for the Coop flagship labels.

This affected not only logistics, but also category management, purchasing, stock management, sales, finance and controlling. In the year under review, the "Pick by Voice" system was tested and will be introduced in other distribution centres: order pickers receive their orders from an electronic voice and confirm execution of the order over a microphone; hence, they have both hands free and work more efficiently and reliably. Coop also introduced sales-based ordering (SBO), an automated ordering system driven by consumer purchases, in all supermarkets. The re-ordering proposals generated by the system support the staff and improve the maintenance of optimum stock levels. SBO was first tested on selected product segments; the medium-term objective is to extend it to Coop's entire product range.

PROPERTY

Divesting to invest in new projects

In the year under review, the Property Business Unit continued its divestment strategy of focusing on properties deemed necessary for its business operations. It sold numerous properties, allocating all the proceeds to investments in sales outlets or to projects in the planning stage. The Property Business Unit is responsible for Coop's entire property portfolio and, hence, for portfolio management, building management, contract management and project development. In addition, it manages 27 shopping centres all over Switzerland that contain other business tenants besides the Coop sales outlets. The year under review saw the opening of the La Maladière Centre in Neuchâtel, of which Coop is master tenant. At present, eight projects are under construction and a good 20 are in the planning phase.

BELL GROUP

A successful year for Bell AG

After two difficult years, the Bell Group was able to report a very successful 2006 financial year. Sales grew by 3.0 % to 1.50 billion francs. The Group posted earnings of 44 million francs, 24 % more than in the previous year. Factors that contributed to this increase include a very successful barbeque season and a general improvement in consumer sentiment. In 2006, the expanded and modernized fresh-meat production plant became fully operational, enabling Bell to benefit from any potential new synergies. The poultry sector continued to suffer in the first four months from the effects of the avian flu scare on consumption, but sales recovered in the course of the year, reaching

their normal level again for the first time in October. As the reduction in protective tariffs on animal feed proposed by Swiss agricultural policy by 2011 is inadequate, current farming-policy conditions remain unfavourable for the processing of Swiss pork and poultry.

COOP'S MANUFACTURING COMPANIES

Swissmill

Products: flours, flour mixtures, semolina, maize, oat flakes, extruder products, durum wheat semolina.

Certifications: ISO 9001:2000, ISO 14001, IFS / BRC

In 2006, Swissmill further increased its market share. Despite fierce competition, volume-based output increased by another 2 % to more than 204,000 tonnes.

Chocolats Halba

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

Certifications: ISO 9001:2000, ISO 14001, IFS

In the year under review, Chocolats Halba focused on working out a new strategic approach and on implementing a cost-cutting programme to improve its competitiveness.

Nutrex

Products: vinegar and vinegar specialities for retailing and industry

Certifications: ISO 9001:2000

Despite the strong pressure from tax-advantaged vinegar imports and the huge popularity of balsamic vinegar, Nutrex was able to defend its position in the Swiss market thanks to substantial third-party orders.

CWK

Products: cosmetics, household cleaning products, industrial cleaners

Certifications: ISO 9001:2000; ISO 14001:2004, Cosmetics GMP, EKAS 6029:2004

Despite difficult market conditions (price competition in Switzerland and abroad, high oil prices), CWK expanded its annual output by 13 %. Sherpa Tensing sun block increased its market share to 10 %.

Pasta Gala

Products: pasta, semi-finished products for ready-made meals and soups.

Certifications: ISO 9001:2000, IFS

Pasta Gala held its own, although the growing liberalization of trade in manufactured goods in Europe and overcapacity in the pasta industry have led to a sharp increase in competition.

Steinfels Cleaning Systems SCS

Products: detergents, cleaning and hygiene products for bulk and industrial users

Certifications: ISO 9001:2000; ISO 14001:2004

Thanks to its Maya brand of ecological products marketed under the Coop Oecoplan label, SCS expanded its market leadership in Switzerland, particularly in the hotel, restaurant and catering field and in healthcare.

Reismühle Brunnen

Products: different varieties of rice, rice blends, ready-to-cook meals

Certifications: ISO 9001:2000, ISO 14001, SA 8000, IFS / BRC

In summer, the public discussion of GMO foods resulted in a temporary slump in sales of US rice. Sales of fair-trade products rose again by just under 10 %.

Sunray

Processing and packaging of sugar, edible oils, spices, dried fruit, nuts and pulses

Certifications: ISO 9001:2000, IFS / BRC

In the year under review, Sunray invested mainly in new plant and processes. It inaugurated a new roaster for nut products and various packaging plants.

BÂLEHOTELS

Basel hotels benefited from good year for tourism

BâleHotels include the Basel hotels Victoria and Baslertertor as well as the Mercure Hotel Europe, which has been marketed as part of the Accor Group for the last two years. Basel enjoyed a good year for tourism in 2006, and the turnover of BâleHotels grew 2.7 % to 30 million francs, owing in large part to the high capacity utilization of the Hotel Victoria, which benefits from its attractive location close to the railway station. BâleHotels possesses an additional mainstay in its Catering Service, which also regularly supplies large-scale events such as Davidoff Swiss Indoors.

CORPORATE GOVERNANCE

COOP TAKES TRUST SERIOUSLY

Coop voluntarily applies the provisions of the Swiss Federal Stock Exchange Law and largely follows the guidelines of the SWX Swiss Exchange on corporate governance. These have been in effect since 2002 for joint-stock companies and companies that have issued participation certificates or non-voting dividend rights certificates, which does not apply to Coop as a cooperative society. The only company in the Coop Group that has issued SWX-listed equities is Bell Holding AG. Specific details on this 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 (page 83). Changes in the consolidated Coop companies can be found on page 72. There are no crossholdings between Coop companies.

In the following report on corporate governance, Coop wishes to provide clear information and the greatest possible transparency to all groups interested in the company.

CAPITAL STRUCTURE

The capital structure can be seen in the consolidated balance sheet (page 67) and the notes to the consolidated balance sheet (pages 75–79).

BOARD OF DIRECTORS

See Board of Directors and management structure on page 49.

Having reached the retirement age laid down in the Articles of Association, Diego Giulieri stepped down from the Board of Directors, effective as from the 13th Delegate Assembly on 15 December 2006. The Delegate Assembly appointed Michela Ferrari-Testa as his successor for the remainder of the 2005–2009 term of office.

Since 15 December 2006, the Board of Directors is now constituted as follows:

Anton Felder

Born 1948, Swiss

Swiss diploma in accounting and controlling

Full-time Chairman of the Board of Directors of Coop Directorships:

- Coop Personalversicherung CPV / CAP, Basel (Chairman)
- Coop Immobilien AG, Berne (Chairman)
- Coop Mineraloel AG, Allschwil
- Bell Holding AG, Basel
- Betty Bossi Verlag AG, Zurich
- Schweizerische National Versicherungsgesellschaft AG, Basel
- further directorships of Coop subsidiaries

Stefan Baumberger

Born 1948, Swiss

Dipl. Chem. HTL

Managing Director, Hänsele AG, Herisau

Directorships:

- Coop Immobilien AG, Berne
- Bell Holding AG, Basel
- Appenzeller Bahnen AG, Herisau
- Hänsele Holding AG, Herisau
- Steinegg Aktiengesellschaft, Herisau

Silvio Bircher

Born 1945, Swiss

Lic. rer. publ. HSG

Consultant and publicist

Former govt. and national councillor

Directorship:

- Coop Immobilien AG, Berne

Other functions and offices:

- Vice-president, Swiss Landscape Foundation (FLS)

Michela Ferrari-Testa

Born 1963, Swiss

Lawyer and notary

Directorship:

- Coop Immobilien AG, Berne

Other functions and offices:

- Vice-chairwoman, Stiftung Helvetia Sana

Felix Halmer

Born 1952, Swiss

Commercial employee

Buyer

Employee representative on the Board of Directors

Directorship:

- Coop Immobilien AG, Berne

Other functions and offices:

- Chairman, Association of Salaried Employees of Coop
- Chairman, Association of Salaried Employees Basel

Irene Kaufmann

Born 1955, Swiss

Dr. oec. publ.

Corporate consultant

Vice Chairwoman of the Board of Directors

Directorships:

- Coop Immobilien AG, Berne

- Bank Coop AG, Basel

Other functions and offices:

- Member of the Foundation Board of Juventus Schools, Zurich

Beth Krasna

Born 1953, Swiss and US citizen

Dipl. Chem. Ing. ETH Zurich,

MBA Sloan School at MIT, Cambridge, USA

Directorships:

- Coop Immobilien AG, Berne

- Banque Cantonale Vaudoise, Lausanne

- Bonnard & Gardel Holding SA, Lausanne

- Raymond Weil SA, Grand-Lancy

Other functions and offices:

- Member of ETH Board

- Board member of Fondation en faveur de l'Art Choréographique, Lausanne

Jean-Charles Roguet

Born 1942, Swiss

Lawyer

Partner, Pestalozzi, Lachenal & Patry, Geneva

Directorships:

- Coop Immobilien AG, Berne
- Arn, Wüthrich et Frigerio SA, Geneva
- Artrivium SA, Geneva
- ATC Aviation Services AG, Opfikon
- C.M.D. Corporate Management Development SA, Geneva
- Coges Corraterie Gestion SA, Geneva
- COGIN Compagnie de Gestion Internationale SA, Geneva
- Dipan SA, Carouge
- Finasma Financial Asset Management SA, Cologne
- IPE Investors in Private Equity SA, Geneva
- Kessler Gestion SA, Geneva
- Label Communication SA, Geneva
- Label Technologies SA, Geneva
- Mirrair Holding AG, Zug
- Publipartner SA, Plan-les-Ouates
- Puig SA, Fribourg
- Sarp Industries (Suisse) SA, Geneva
- Schroder & Co. Banque AG, Zurich and Geneva
- Tech Value SA, Geneva
- Veolia Service à l'environnement Suisse SA, Berne

Giusep Valaulta

Born 1951, Swiss

Lic. iur.

Directorship:

- Coop Immobilien AG, Berne

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 2009. 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 65th birthday).

Internal organization

The Board of Directors has nine members at present. The Articles of Association limit the number of members to a maximum of eleven. The members assume equal responsibility for exercising the functions of the Board of Directors.

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 has a comprehensive and

continuous planning and goal-setting process in place, which also features 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, the members of the Board of Directors, the Chief Executive Officer and the Head of the Finance 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 49–51.

Following a serious accident in July 2006, Jörg Ackermann, Vice Chairman of the Executive Committee and Head of the Logistics/IT/Manufacturing Business Unit, has taken extended leave of absence. Until his return, August Harder and Hans Ludwig, members of the Executive Committee, are acting ad interim as joint heads of the Logistics/IT/Manufacturing Business Unit, while Jürg Peritz, member of the Executive Committee, is acting ad interim as Vice Chairman of the Executive Committee.

Hansueli Loosli

Born 1955, Swiss

Swiss diploma in accounting and controlling

Chief Executive Officer

Head of Retail Business Unit

Directorships:

- transGourmet Group, Basel (Chairman)
- Betty Bossi Verlag AG, Zürich
- Coopernic SCRL, Bruxelles
- further directorships of Coop subsidiaries

Jörg Ackermann

Born 1958, Swiss

Graduate in business management (HWV)

Head of Logistics/IT/Manufacturing Business Unit

Vice Chairman of the Executive Committee

Directorships:

- Bell Holding AG, Basel (Chairman)
- Coop-ITS-Travel AG, Wollerau (Chairman)
- transGourmet Group, Basel
- HiCoPain AG, Dagmersellen
- Coop Sponsorship for Mountain Regions
- further directorships of Coop subsidiaries

Rudolf Burger

Born 1946, Swiss

Commercial specialist

Head of Trading 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. ès sciences économiques et sociales

Head of Property Business Unit

Directorships:

- various directorships of Coop subsidiaries

Jürg Peritz

Born 1947, Swiss

Commercial specialist

Head of Marketing/Purchasing Business Unit

Directorships:

- Eurogroup Far East Ltd., Hongkong (Chairman)
- Coop Switzerland Far East Ltd., Hongkong
- Coopernic SCRL, Bruxelles
- Toomax-x Handelsgesellschaft m.b.H., Cologne
- Stiftung bioRe, Rotkreuz

Hans Peter Schwarz

Born 1950, Swiss

Swiss diploma in accounting and controlling
Head of Finance and Services Business Unit

Directorships:

- Coop Personalversicherung CPV / CAP, Basel
- Coop Mineraloel AG, Allschwil
- Coop Vitality AG, Berne
- Bell Holding AG, Basel
- transGourmet Group, Basel
- Bank Coop AG, Basel
- Tropenhaus Frutigen AG, Frutigen
- 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 2006, the Board of Directors of Coop received an aggregate amount of 1.2 million Swiss francs in remuneration (2005: 1.3 million Swiss francs).

The gross salaries of Coop's Executive Committee totalled 3.5 million Swiss francs in 2006 (2005: 3.5 million Swiss francs).

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. Dr. Rodolfo Gerber (lead auditor) and Matthias Rist have been in office since 2004 and 2005 respectively.

Auditing fee

The following auditing fees were billed for services performed for 2006:

- Auditing services: 1.5 million Swiss francs
- Other services: 300,000 Swiss francs

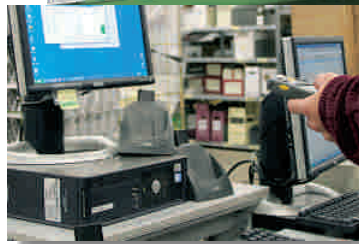
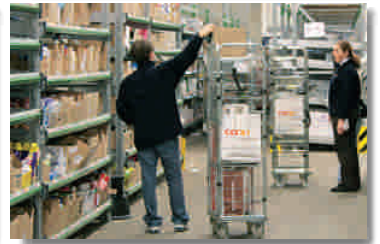
The amount billed for auditing services includes the work undertaken by the auditing company for the examination of the consolidated financial statements. This work is performed every year to enable an opinion to be expressed on the consolidated financial statements and reports to be prepared on the 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 auditors.

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.

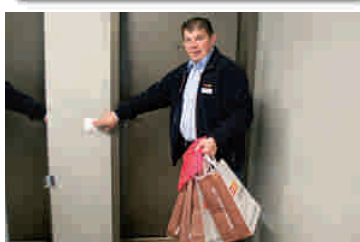


Dragan Popovic, Sevil Büklü and Rolf Zeller
on the delivery tour in Rheinfelden



AS CLOSE AS POSSIBLE TO THE CUSTOMERS – PLUS A GUARANTEE OF PUNCTUAL DELIVERY

Closeness In summer 2006, Coop merged the existing Online-Shop and Coop Wineshop to form the home-delivery service coop@home. It now covers 60 % of households in all regions of Switzerland.



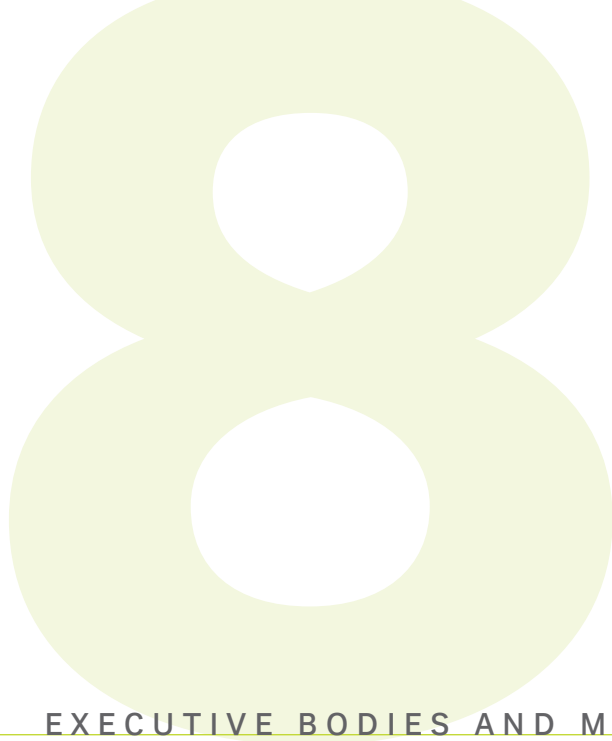
Customers can choose from over 10,000 products and 1,000 wines from all over the world and have their order delivered to the house door at a time of their choice. This logistics achievement was made possible by the inauguration of the new logistics facility in Spreitenbach. Wines can also be delivered by post anywhere in Switzerland.

Rolf Zeller, Head of coop@home, is proud of the wide range and the speed at which customers receive their orders: “With the expansion of our online sales channel we have really implemented our mission goal of ‘closeness’ to the full. In an increasingly flexible world it’s important to be able to offer a fast home-delivery service with a wide range of products.”

Sevil Büklü is one of those responsible in the new logistics centre for ensuring that fast delivery functions throughout Switzerland. “For those of us here in Spreitenbach, it’s of course a challenge to keep Coop’s promise and always deliver customers’ orders punctually at the appointed time. Even though the work we do here is behind the scenes, we feel the customers are very close.”

Dragan Popovic is out on the roads in his truck every day, delivering the customers’ orders. “It’s a very thankful task, of course, delivering people’s orders to their front doors – for instance when they arrive home late after a long day’s work. I think there’s hardly anyone at Coop that receives such immediate feedback from satisfied customers.”





EXECUTIVE BODIES AND MANAGEMENT

COOP – COOPERATIVE SOCIETY AND COMMERCIAL ENTERPRISE IN ONE

EXECUTIVE BODIES

Regional Councils

(Art. 18 – 20 of the Articles of Association)

Six regions (Suisse Romande, Bern, Nordwestschweiz, Zentralschweiz-Zürich, Ostschweiz and Ticino) were created to maintain contacts with members of Coop and the public. These regions do not constitute separate legal entities, however, but are part of Coop's cooperative-based organizational structure. In each region, members of Coop elect a Regional Council consisting of 60 to 120 members (Ticino: maximum of 30). Each Regional Council appoints a Committee of twelve (Ticino: six) from among its members. Each Committee is self-constituting and submits a proposal to the Delegate Assembly for one of its members to be appointed to the Board of Directors; if elected, the member becomes President of both the Regional Council (RC) and its Committee (RCC). The other members of the RCC represent the members of the corresponding regions at the Coop Delegate Assembly.

Delegate Assembly

(Art. 21– 26 of the Articles of Association)

The Delegate Assembly is endowed with the legal powers vested in the Annual General Meeting and the powers assigned to it in the Articles of Association. In particular, it is responsible for laying down the Articles of Association, electing and dismissing the Board of Directors and the Auditors, accepting the Annual Report, discharging the Board of Directors and dissolving the cooperative society. In addition, it can submit other business to the Board of Directors for a decision. Voting rights in the Delegate Assembly reflect the number of Coop members in the corresponding regions.

Board of Directors

(Art. 27 – 30 of the Articles of Association)

The Board of Directors is responsible for the general direction (strategic leadership) of Coop's business and oversees operational management of the Group. The duties and powers vested in it under Art. 29 correspond to the regulations laid down for joint stock companies (Swiss Code of Obligations 716 a), which are stricter than Swiss law on cooperatives. The Board of Directors consists of the six members nominated by the regions and a maximum of five further members – including a representative of the French-speaking part of Switzerland and of the employees – who are proposed by the Board of Directors and elected by the Delegate Assembly. The Board of Directors includes only three further members at present, i.e. it has a total of nine members. With the exception of the employee representative, the members of the Board of Directors may not be employed by Coop or by any enterprise controlled by Coop (strict division of powers). The Board of Directors is self-constituting and has a full-time Chairman.

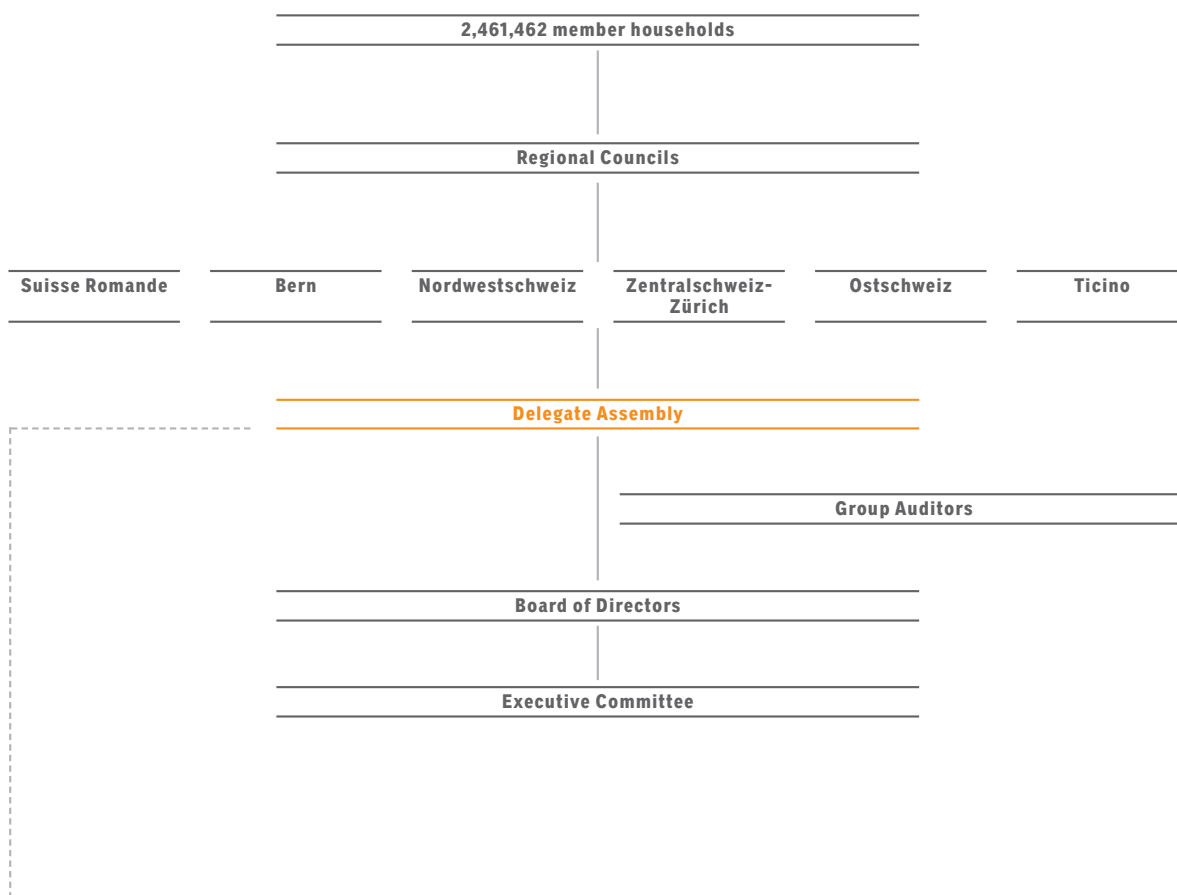
Executive Committee

(Art. 31 of the Articles of Association)

For the operational management of the Group, the Board of Directors appoints an Executive Committee (EC) comprising a maximum of seven members, which acts on its own responsibility as the executive body; its duties and powers are laid down in the organizational regulations by the Board of Directors. The Executive Committee is headed by a CEO, who is entitled to issue directives to the other Executive Committee members.

The Articles of Association and further information on Coop's governing bodies can be obtained on the Internet (at www.coop.ch, under About Coop / Organisation and Addresses, in German, French and Italian only).

EXECUTIVE BODIES AND DELEGATE ASSEMBLY



Members of the Regional Committees constitute the Coop Delegate Assembly

Suisse Romande Region	Bern Region	Nordwestschweiz Region	Zentralschweiz-Zürich Region	Ostschweiz Region	Ticino Region
Maurice Balmat	Katharina Bieler	Willi Buess	Hans Aepli	Maria Bieri	Carlo Crivelli
Monika Dash	Hans-Rudolf Blatter	Erika Haeffelé-Thoma	Ruth Beck	Peter Fischer	Lucia Gianoli
Hubert Ducry	Lily Frei	Bruno Hess	Beatrice Bertschinger	Michael Fuhrer	Giancarlo Lafranchi
Nicole Hosseini	Manfred Jakob	Trudi Jost	Renato Blum	Peter Gloor	Gabriella Rossetti
Josiane Mayor	Doris Kelterborn	Luciana Maggetti	Markus Eugster	Josef Hemmi	1 seat vacant
Christine Pasche	Ruth Läderach	Verena Reber	Kurt Feubli	Tarzis Meyerhans	
Jacques Robert	Karl Lauber	Greta Schindler	Ronald Hauser	Suzanne Müller	
Eric Santschy	Martin Schweizer	Peter Schmid	Hans Kissling	Roberto Pedrini	
Pierre Tissot	Felix Truffer	Charles Suter	Lillia Rebsamen	Gerhard Riediker	
Georges-Edouard Vacher	Pierrette Zumwald	Peter Villiger	Otto Rütter	Bruno Stacher	
Christian Volken	Emil Zurbrügg	Jörg Vitelli	Ivo Schmid	Martha Veraguth	

BOARD OF DIRECTORS AND MANAGEMENT STRUCTURE

Board of Directors

Stefan Baumberger	Silvio Bircher	Anton Felder (Chairman)
Michela Ferrari-Testa	Felix Halmer	Irene Kaufmann (Vice Chairwoman)
Beth Krasna	Jean-Charles Roguet	Giusep Valaulta

Internal Auditing

Franz Kessler,
Head of Internal Auditing

Chief Executive Officer

Hansueli Loosli

Members of the Executive Committee

Chief Executive Officer	Retail	Trading	Marketing / Purchasing	Logistics / IT / Manufacturing	Finance and Services	Property
Hansueli Loosli	Hansueli Loosli	Rudolf Burger	Jürg Peritz	Jörg Ackermann	Hans Peter Schwarz	Jean-Marc Chapuis
	Sales Regions (SRE)			Logistics Regions (LRE)		Property Regions (PRE)
Personnel / Training	SRE Suisse Romande	Department Stores	CCM Fresh Products / Restaurants	LRE Suisse Romande	Finance	PRE Suisse Romande
General Secretariat	SRE Bern	Building & Hobby	CCM Basic Foods / Beverages	LRE Bern	Accounting	PRE Bern
Communications / Quality Assurance	SRE Nordwestschweiz	Toptip / Lumimart Division	CCM Near Food / Hard Goods	LRE Nordwestschweiz	Controlling	PRE Nordwestschweiz
	SRE Zentralschweiz-Zürich	IMPORT PARFUMERIE / CHRIST Division	CCM Textiles	LRE Zentralschweiz-Zürich	Security / Services	PRE Nordwestschweiz
	SRE Ostschweiz-Ticino	Interdiscount Division	CCM Flagship Department Stores	LRE Ostschweiz-Ticino	Projects Finance and Services	PRE Zentralschweiz-Zürich / Ostschweiz-Ticino
	Total Store	Total Store	Purchasing / Stock Mgt Food	Central Functions for Logistics / Bakeries		National Shopping Centres
	Advertising	Coop Vitality AG	Purchasing / Stock Mgt Non-food	National Logistics Pratteln		Business Management / Controlling
		Coop Mineraloel AG	Controlling / Systems / Processes / Projects	National Logistics Wangen		
			Eurogroup SA	BâleHotels		
			Eurogroup Far East Ltd.	Information Technology		
				Manufacturing		
				Bell Holding AG		

MANAGEMENT

As at 1 April 2007

Executive Committee (EC)

Hansueli Loosli, Chief Executive Officer
Jörg Ackermann, Head of Logistics / IT / Manufacturing Business Unit
Rudolf Burger, Head of Trading Business Unit
Jean-Marc Chapuis, Head of Property Business Unit
Jürg Peritz, Head of Marketing / Purchasing Business Unit
Hans Peter Schwarz, Head of Finance and Services Business Unit

August Harder, Head of IT / Manufacturing a.i.
Hans Ludwig, Head of Logistics a.i.

Presidium of the Executive Committee Business Unit

Hansueli Loosli, Chief Executive Officer
Peter Keller, Head of Personnel / Training
Markus Schelker, Head of General Secretariat
Felix Wehrle, Head of Communications / Quality Assurance

Walter Stutz, Head of Quality Centre

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
André Mislin, Head of NW Sales Region
Peter Schmid, Head of BE Sales Region
Heino Peier, Head of Advertising
Herbert Zaugg, Head of Total Store

Benedikt Pachlatko, Head of Customer Programmes

Suisse Romande (SR) Sales Region

Raymond Léchaire, Head of SR Sales Region
Stéphane Bossel, Head of Business Management / Controlling
Jean-Claude Chapuisat, Head of Personnel / Training
Patrick Fauchère, Head of Sales 1
Sissigno Murgia, Head of Sales 2

Bern (BE) Sales Region

Peter Schmid, Head of BE Sales Region
Rico Bossi, Head of Sales
Bernhard Friedli, Head of Business Management / Controlling
Bruno Piller, Head of Personnel / Training

Nordwestschweiz (NW) Sales Region

André Mislin, Head of NW Sales Region
Hans Amacher, Head of Sales 2
Angelo Durante, Head of Business Management / 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 Management / 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 Management / Controlling
Karl Sturzenegger, Head of Sales 1
Bruno Veit, Head of Sales 2

Trading Business Unit

Rudolf Burger, Head of Trading Business Unit
Beat Ammann, Head of Business Management / Controlling
Reto Grubenmann, Head of IMPORT PARFUMERIE / CHRIST Division
Peter Meier, Head of Total Store
Martin von Bertrab, Head of Personnel / Training

Department Stores

Urs Jordi, Head of Department Stores
Jürg Birkenmeier, Head of Sales, Region East
Michel Produit, Head of Sales, Region West
Daniel Zimmermann, Head of Sales, Region Central

Building & Hobby

Kaspar Niklaus, Head of Building & Hobby (B&H)
Urs Müller, Head of CCM B&H
Rainer Pietrek, CCM Garden / Freshness
Dieter Strub, CCM Living / Leisure / Sport
Walter Studer, CCM Garden / Hard Goods
Matthias Wermuth, CCM Crafts

Interdiscount

Joos-Rudolf Sutter, Head of Interdiscount Division
Andreas Frischknecht, Head of Sales Stores
Daniel Hintermann, Head of Logistics / IT / Services
Pierre Pfaffhauser, Head of Personnel / Training
Daniel Stucker, Head of Purchasing

Toptip / Lumimart

Olaf Winter, Head of Toptip / Lumimart Division
Thomas Bichler, Head of Logistics
Peter Ruffin, Head of Sales

Marketing / Purchasing Business Unit

Jürg Peritz, Head of Marketing / Purchasing Business Unit
Jörg Ledermann, Head of Controlling / Systems / Processes / Projects
Christoph Theler, Head of Market Research / Consumer Service /
Sales Planning

CCM Fresh Products / Restaurants

Philipp Wyss, Head of CCM Fresh Products / Restaurants
Marie-Claire Chepca Cordier, CCM Dairy Produce / Eggs
Marlies Hartmann Käfer, CCM Bread / Baked Goods
Alfred Leder, CCM Fruit / Vegetables
Marc Muntwyler, CCM Meat / Meat Products
Hans Thurnheer, CCM Restaurants

CCM Basic Foods / Beverages

Roland Frefel, Head of CCM Basic Foods / Beverages
Pius Buchmann, CCM Wines / Sparkling Wines
Markus Schmid, CCM Breakfast / Garnishes / Baking Ingredients /
Pet Supplies
Beat Seeger, CCM CCM Soft Drinks / Spirits / Tobacco Goods
Bernhard Studer, CCM Long-life Convenience

CCM Near Food / Hard Goods

Helmut Träris-Stark, Head of CCM Near Food / Hard Goods
Bruno Cabernard, CCM Festive / Press / Consumer Electronics
Kerstin Czermak, CCM Detergents and Cleaning Agents / Hygiene
Manuel Gonzalez, CCM Stationery / Cards / Books / Travel Supplies
Daniel Walker, CCM Kitchen / Electrical Appliances
Peter Willmann, CCM Perfumery / Bodycare / Vitashop

CCM Textiles

Sandro Corpina, Head of CCM Textiles
Daniel Gerber, CCM Children's Wear / Baby Products / Toys
Simone Gössling, CCM Tableware / Homestyle
Valentin Lüthi, CCM CCM Women's Outerwear / Lingerie
Sonya Suscetta, CCM Accessoires / Watches / Jewellery / Shoes /
Leather Goods / Hosiery

Purchasing / Stock Management Food

Lorenz Wyss, Head of Purchasing / Stock Management Food
Christoph Bürki, Buying Pool (BP) Beverages
Christian Guggisberg, BP Fruit / Vegetables / Flowers / Plants
Renato Isella, BP Bread / Dairy Produce / Cheese / Frozen Products
Michael Sieber, BP Basic Foods
Robert Trachsler, Stock Management Pool Food
Ernst Seiler, Managing Director of Eurogroup SA

Purchasing / Stock Management Non-food

Philipp Schenker, Head of Purchasing / Stock Management Non-food
Franco Baumann, BP Hard Goods
Emanuel Büchlin, BP Clothing / Accessories
Christian Kaufmann, Stock Management Pool Non-food
Olivier Schwegler, BP Near Food

Logistics / IT / Manufacturing Business Unit

Jörg Ackermann, Head of Logistics / IT / Manufacturing Business Unit
Leo Ebnetter, Head of OT Logistics Region
August Harder, Head of IT / Manufacturing a.i.
Marc Haubensak, Head of BâleHotels
Hans Ludwig, Head of Logistics a.i.
Lorenzo Pelucchi, Head of Sunray Division
Domenico Repetto, Head of BE Logistics Region
Andreas Schwab, Head of Central Functions for Logistics / Bakeries
Niklaus Stehli, Head of NW Logistics Region
Guy Théoduloz, Head of SR Logistics Region
Daniel Woodtli, Head of National Logistics Pratteln
Beat Zaugg, Head of National Logistics Wangen
Josef Zettel, Head of ZZ Logistics Region

Manufacturing

Josef Achermann, Head of Manufacturing
Walter Käser, Head of CWK / SCS Division
Anton von Weissenfluh, Head of Chocolats Halba Division

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 Finance and Services
Hansjörg Klossner, Head of Controlling
Beat Leuthardt, Head of Finance

Property Business Unit

Jean-Marc Chapuis, Head of Property Business Unit /
Head of SR Property Region
Stefano Donzelli, Head of Business Management / Controlling
Peter Meier, Head of Projects ZZ-OT Property Region
Christoph Ottrubay, Head of BE Property Region
Philippe Sublet, Head of National Shopping Centres
Danilo Zampieri, Head of NW Property Region

THE COOP GROUP IN FIGURES

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All values rounded up / down individually

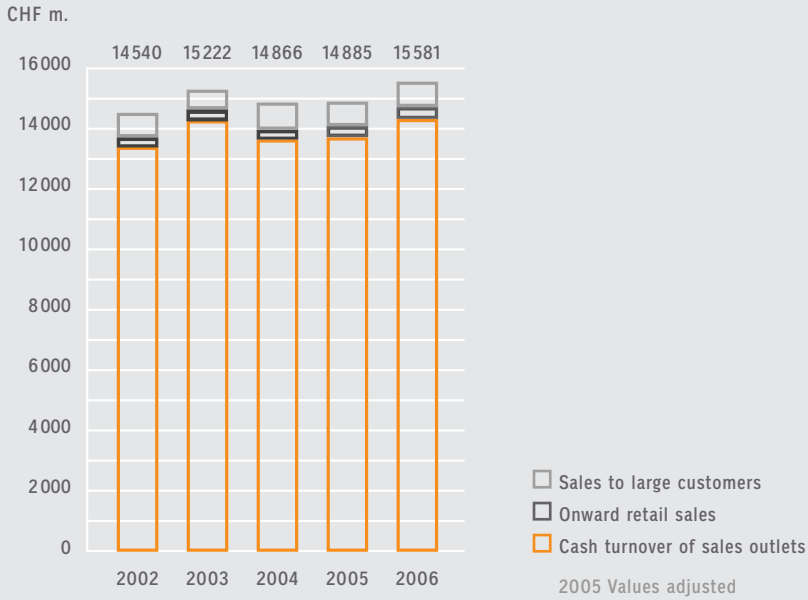
CASH TURNOVER / DIRECT SALES

		CHF m.	CHF m.	Change	Change
		2006	2005 ¹	CHF m.	%
Supermarkets A	250–600 m ²	3 477	3 497	– 20	– 0.6
Supermarkets B	800–1400 m ²	2 860	2 787	+ 73	+ 2.6
Supermarkets C	1800–3000 m ²	2 721	2 535	+ 187	+ 7.4
Supermarkets		9 058	8 818	+ 239	+ 2.7
Megastores	4500–8000 m ²	751	678	+ 73	+ 10.8
Supermarkets / Megastores		9 809	9 497	+ 313	+ 3.3
Other		2	2	+ 0	+ 3.3
Coop Retail		9 811	9 498	+ 313	+ 3.3
Department Stores		939	938	+ 1	+ 0.1
Building & Hobby		642	634	+ 7	+ 1.2
Interdiscount		894	887	+ 7	+ 0.8
Toptip and Lumimart		240	245	– 6	– 2.4
IMPORT PARFUMERIE		147	142	+ 4	+ 3.1
Other		3	3	+ 0	+ 2.7
Coop Trading		2 864	2 850	+ 14	+ 0.5
Hotels		30	29	+ 1	+ 2.7
Coop		12 705	12 377	+ 328	+ 2.6
Alcoba Distribution SA		69	78	– 8	– 10.8
AX4 Holding AG (CHRIST)		95		+ 0	+ 0.0
Bell Group (sales outlets)		15	15	+ 0	+ 0.9
Petrol stations		982	873	+ 109	+ 12.5
Coop Pronto at petrol stations		275	231	+ 44	+ 19.1
Coop Pronto stand-alone		110	86	+ 25	+ 28.7
Coop Mineraloel AG		1 367	1 190	+ 178	+ 14.9
Coop Vitality AG		48	31	+ 18	+ 57.5
Cash turnover of sales outlets		14 300	13 690	+ 609	+ 4.5
Internet Shops		49	28	+ 21	+ 75.5
Onward retail sales		351	331	+ 20	+ 6.0
Retail turnover		14 699	14 049	+ 650	+ 4.6
Sales to large customers		882	836	+ 46	+ 5.5
Cash turnover / Direct sales		15 581	14 885	+ 696	+ 4.7

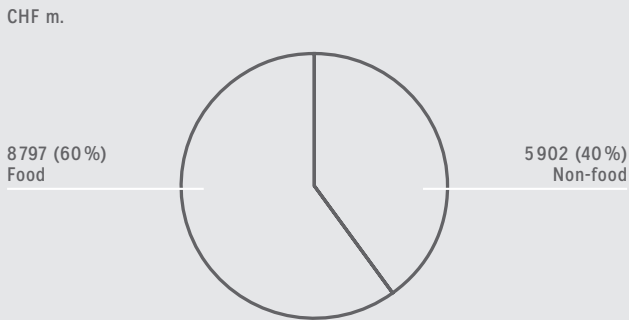
¹ Values adjusted

CASH TURNOVER / DIRECT SALES / RETAIL TURNOVER

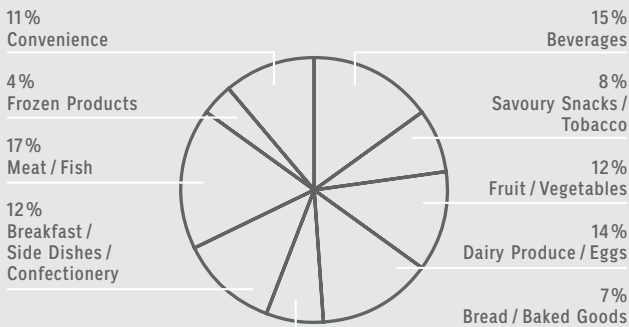
Cash turnover / Direct sales



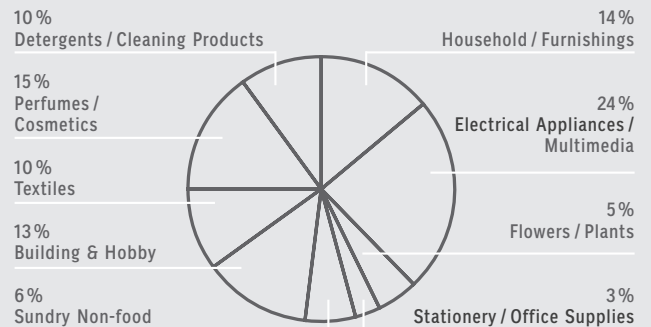
Retail turnover by main categories



Food

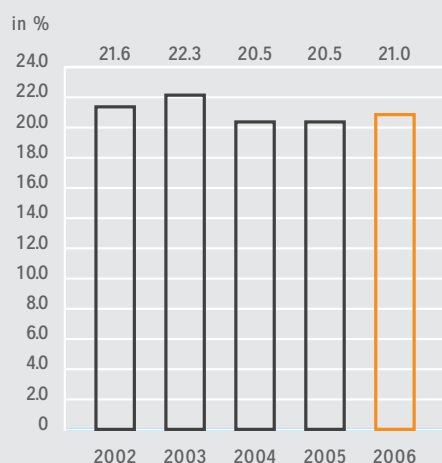


Non-food

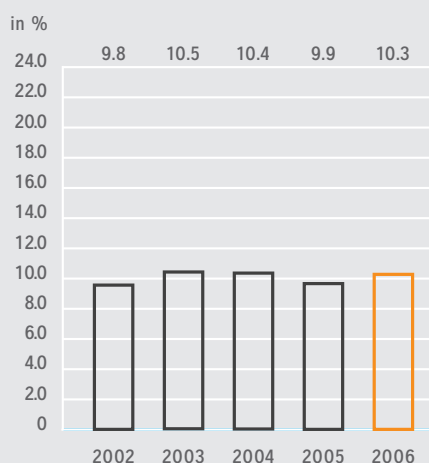


MARKET SHARES

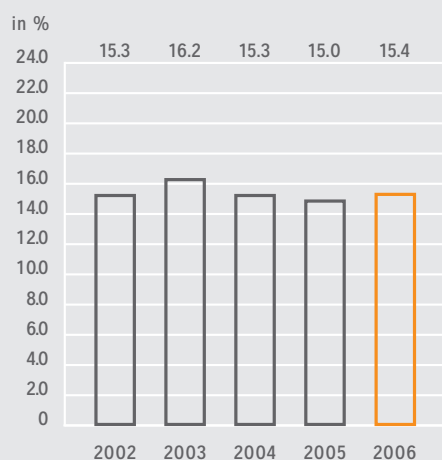
Food



Non-food



Coop Group



	CHF m. 2002	CHF m. 2003	CHF m. 2004	CHF m. 2005	CHF m. 2006
Retail turnover	13 536	14 396	13 983	14 065	14 699
Minus petrol stations, fuels	603	723	845	1 036	1 167
Retail trade turnover for market shares	12 933	13 673	13 138	13 029	13 532
Market volume Food	39 565	40 593	41 324	41 407	41 909
Market volume Non-food	45 099	43 986	44 524	45 557	46 013
Total volume acc. to BAK research¹	84 664	84 579	85 848	86 964	87 922

¹ Basis: total volume acc. to "CH-Konsum" January 2006, BAK Economics Basel

SALES OUTLETS

	Sales outlets		Sales area		Cash turnover of sales outlets			
	Number as at 31.12		m ² as at 31.12		CHF m.	CHF m.	%	Share %
	2006	2005	2006	2005	2006	2005 ¹		
Supermarkets A 250–600 m ²	534	541	284 391	285 954	3 477	3 497	– 0.6	24.3
Supermarkets B 800–1400 m ²	167	166	242 387	243 010	2 860	2 787	+ 2.6	20.0
Supermarkets C 1800–3000 m ²	88	84	246 315	242 092	2 721	2 535	+ 7.4	19.0
Supermarkets	789	791	773 093	771 056	9 058	8 818	+ 2.7	63.3
Megastores 4500–8000 m ²	13	13	75 517	71 058	751	678	+ 10.8	5.3
Supermarkets / Megastores	802	804	848 610	842 114	9 809	9 497	+ 3.3	68.6
Other	1	1	290	290	2	2	+ 3.3	0.0
Coop Retail	803	805	848 900	842 404	9 811	9 498	+ 3.3	68.6
Department Stores	34	33	140 922	137 877	939	938	+ 0.1	6.6
Building & Hobby	67	67	267 698	260 795	642	634	+ 1.2	4.5
Interdiscount	178	174	60 093	57 715	894	887	+ 0.8	6.3
Toptip and Lumimart	58	58	152 503	143 587	240	245	– 2.4	1.7
IMPORT PARFUMERIE	93	86	9 238	8 722	147	142	+ 3.1	1.0
Other	1	1	150	292	3	3	+ 2.7	0.0
Coop Trading	431	419	630 604	608 988	2 864	2 850	+ 0.5	20.0
Hotels	3	3			30	29	+ 2.7	0.2
Coop	1 237	1 227	1 479 504	1 451 392	12 705	12 377	+ 2.6	88.8
Alcoba Distribution SA	2	2	9 002	9 002	69	78	– 10.8	0.5
AX4 Holding AG (CHRIST)	78		5 873		95			0.7
Bell Group (sales outlets)	24	22	801	751	15	15	+ 0.9	0.1
Petrol stations	150	136			982	873	+ 12.5	6.9
Coop Pronto at petrol stations	(138)	(122)	12 537	10 326	275	231	+ 19.1	1.9
Coop Pronto stand-alone	34	31	5 265	4 646	110	86	+ 28.7	0.8
Coop Mineraloel AG	184	167	17 802	14 972	1 367	1 190	+ 14.9	9.6
Coop Vitality AG	21	19	5 260	4 790	48	31	+ 57.5	0.3
Subsidiaries	309	210	38 738	29 515	1 594	1 313	+ 21.5	11.2
Sales outlets	1 546	1 437	1 518 242	1 480 907	14 300	13 690	+ 4.5	100.0

¹ Values adjusted

SUBSIDIARIES / DIVISIONS / BANK LOANS

Subsidiaries	Net sales		Full-time employees	Share capital as at 31.12	
				Scope of consolidation	
	CHF m. 2006	CHF m. 2005	2006	CHF m. 2006	% 2006
Alcoba Distribution SA	69	69	171	4.7	50.0
AX4 Holding AG (CHRIST)	88		480	5.7	100.0
Bell Group	1 496	1 453	3 094	2.0	60.5
Coop Training Centres in MuttENZ and Jongny	13	13	70	0.4	100.0
Coop Mineraloel AG	1 449	1 262	68	10.0	51.0
Coop Vitality AG	48	31	166	5.0	51.0

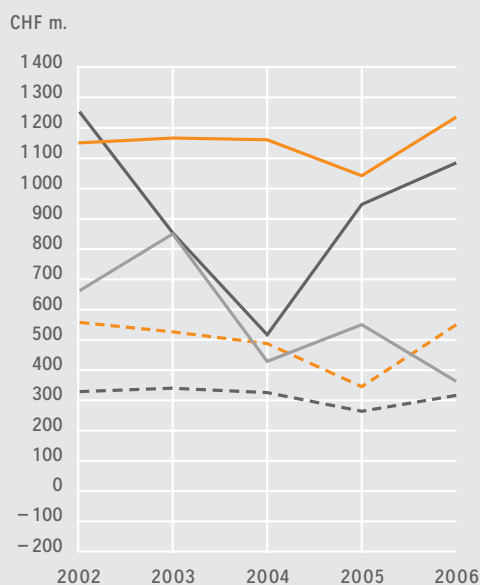
Divisions			Change	Change
	CHF m. 2006	CHF m. 2005 ¹		
Cash turnover	894	887	+ 7	+ 0.8
Onward retail sales	15	17	- 2	- 13.5
Interdiscount Division	909	904	+ 5	+ 0.5
Cash turnover Toptip	211	214	- 3	- 1.2
Cash turnover Lumimart	28	31	- 3	- 9.1
Onward retail sales		0	- 0	
Toptip Division / Lumimart	240	245	- 6	- 2.3
Cash turnover	147	142	+ 4	+ 3.1
Onward retail sales	1	1	+ 0	+ 19.7
IMPORT PARFUMERIE Division	148	143	+ 5	+ 3.2

¹ Values adjusted

Bank loans	Credit line		Used		Unused credit line	
	2006	2005	2006	2005	2006	2005
as at 31.12						
Big banks	411	664	11	33	400	631
Cantonal banks	535	686	154	454	381	233
Regional banks	44	118	44	78	0	40
Bank Coop	110	110	37	69	73	41
Foreign banks in Switzerland	150	150	110	110	40	40
Foreign banks	355	350	267	248	88	101
Banks	1 606	2 078	625	992	981	1 086
Current bank loans			165	153		
Long-term bank loans			372	447		
Bank mortgages			88	391		
Bank loans			625	992		

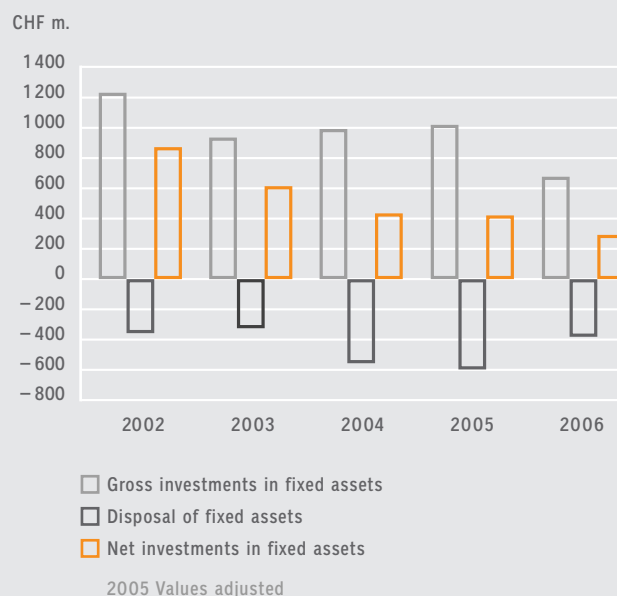
KEY FINANCIAL DATA / INVESTMENTS

Key financial data



— Net investments
 — Operating cash flow (EBITDA)
 - - - Operating profit (EBIT)
 - - - Profit for the financial year
 — Cash flow from operating activities
 2005 Values adjusted

Breakdown of net investments in fixed assets



	CHF m.	CHF m.	CHF m.	CHF m.	CHF m.
	2002	2003	2004	2005 ¹	2006
Suisse Romande Region	203	146	130	140	143
Bern Region	162	123	135	174	81
Nordwestschweiz Region	519	384	344	454	251
Zentralschweiz-Zürich Region	175	113	274	172	96
Ostschweiz-Ticino Region	177	172	116	83	114
Gross investments in fixed assets	1 236	938	998	1 022	685
Disposal of fixed assets	-360	-327	-559	-599	-390
Net investments in fixed assets	876	611	439	423	295
Net investments in participating interests / Financial investments	-207	247	-8	-129	83
Net investments	669	858	431	552	377
Operating cash flow (EBITDA)	1 151	1 177	1 171	1 039	1 237
Operating profit (EBIT)	563	531	491	348	553
Profit for the financial year	331	341	320	270	310
Cash flow from operating activities	1 255	864	512	957	1 088

¹ Values adjusted

EMPLOYEES

	2006	2005	Change	%
SRE Suisse Romande	3 969	3 972	- 3	- 0.1
SRE Bern	3 013	3 061	- 48	- 1.6
SRE Nordwestschweiz	3 606	3 828	- 222	- 5.8
SRE Zentralschweiz-Zürich	4 128	4 270	- 142	- 3.3
SRE Ostschweiz-Ticino	3 972	4 090	- 118	- 2.9
Corporate Services Retail	65	72	- 7	- 10.3
Retail	18 752	19 293	- 541	- 2.8
Department Stores	2 781	3 187	- 406	- 12.7
Building & Hobby	1 344	1 341	+ 3	+ 0.2
Interdiscount	1 641	1 667	- 26	- 1.5
Toptip and Lumimart	621	642	- 21	- 3.3
IMPORT PARFUMERIE	385	356	+ 29	+ 8.3
Corporate Services Trading	129	38	+ 91	+ 240.3
Trading	6 902	7 231	- 329	- 4.5
Logistics	4 459	4 808	- 350	- 7.3
Manufacturing	542	597	- 55	- 9.3
Other corporate services¹	2 567	1 879	+ 688	+ 36.6
Coop parent company	33 221	33 808	- 587	- 1.7
AX4 Holding AG (CHRIST)	480		+ 480	
Bell Group	3 094	3 146	- 52	- 1.7
Coop Mineraloel AG	68	60	+ 8	+ 13.5
Coop Vitality AG	166	107	+ 59	+ 54.8
Other companies	242	249	- 7	- 2.8
Full-time employees (incl. trainees)	37 271	37 370	- 99	- 0.3

¹ Full-time employees with long-term absences due to sickness, accident or maternity leave have been allocated to other corporate services since 2006 (700).

SRE Suisse Romande	5 337	5 192	+ 145	+ 2.8
SRE Bern	4 210	4 241	- 31	- 0.7
SRE Nordwestschweiz	4 581	4 694	- 113	- 2.4
SRE Zentralschweiz-Zürich	5 692	5 445	+ 247	+ 4.5
SRE Ostschweiz-Ticino	5 262	5 192	+ 70	+ 1.3
Corporate Services Retail	66	72	- 6	- 8.3
Retail	25 148	24 836	+ 312	+ 1.3
Department Stores	3 413	3 636	- 223	- 6.1
Building & Hobby	1 644	1 610	+ 34	+ 2.1
Interdiscount	1 786	1 783	+ 3	+ 0.2
Toptip and Lumimart	756	738	+ 18	+ 2.4
IMPORT PARFUMERIE	531	492	+ 39	+ 7.9
Corporate Services Trading	142	37	+ 105	+ 283.8
Trading	8 272	8 296	- 24	- 0.3
Logistics	5 030	5 137	- 107	- 2.1
Manufacturing	597	655	- 58	- 8.9
Other corporate services	2 096	2 103	- 7	- 0.3
Coop parent company	41 143	41 027	+ 116	+ 0.3
AX4 Holding AG (CHRIST)	512		+ 512	
Bell Group	3 219	3 326	- 107	- 3.2
Coop Mineraloel AG	70	62	+ 8	+ 12.9
Coop Vitality AG	262	216	+ 46	+ 21.3
Other companies	278	285	- 7	- 2.5
Employees (incl. trainees) as at 31.12	45 484	44 916	+ 568	+ 1.3

	2006	2005	Change	%
SRE Suisse Romande	302	220	+ 82	+ 37.3
SRE Bern	182	140	+ 42	+ 30.0
SRE Nordwestschweiz	282	248	+ 34	+ 13.7
SRE Zentralschweiz-Zürich	318	293	+ 25	+ 8.5
SRE Ostschweiz-Ticino	241	224	+ 17	+ 7.6
Corporate Services Retail				
Retail	1 325	1 125	+ 200	+ 17.8
Department Stores	164	163	+ 1	+ 0.6
Building & Hobby	117	85	+ 32	+ 37.6
Interdiscount	329	306	+ 23	+ 7.5
Toptip and Lumimart	20	16	+ 4	+ 25.0
IMPORT PARFUMERIE	55	46	+ 9	+ 19.6
Corporate Services Trading	5	0	+ 5	
Trading	690	616	+ 74	+ 12.0
Logistics	112	101	+ 11	+ 10.9
Manufacturing	12	15	- 3	- 20.0
Other corporate services	66	68	- 2	- 2.9
Coop parent company	2 205	1 925	+ 280	+ 14.5
AX4 Holding AG (CHRIST)	24		+ 24	
Bell Group	53	59	- 6	- 10.2
Coop Mineraloel AG	3	3		
Coop Vitality AG	35	27	+ 8	+ 29.6
Other companies	3	3		
Trainees (full-time) as at 31.12	2 323	2 017	+ 306	+ 15.2

Gender



Type of employment



Nationality



Trainees

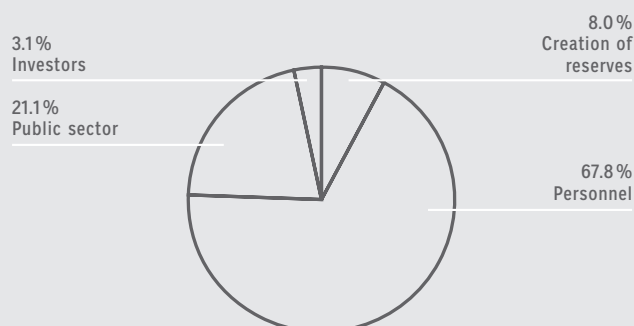


STATEMENT OF ADDED VALUE

	CHF m. 2006	CHF m. 2005 ¹	Change %
Cash turnover / Direct sales	15 581	14 885	+ 4.7
Merchandise	- 9 298	- 8 954	+ 3.8
Other	- 1 593	- 1 519	+ 4.9
Purchase of goods and services	- 10 891	- 10 474	+ 4.0
Gross added value	4 690	4 412	+ 6.3
Depreciation and provisions	- 797	- 670	+ 18.9
Net added value	3 893	3 741	+ 4.1
Wages and salaries	- 2 065	- 2 030	+ 1.7
Social security contributions	- 435	- 419	+ 4.0
Other personnel costs	- 98	- 80	+ 23.2
Personnel discounts, incl. personnel Supercard points	- 45	- 48	- 6.1
Personnel	- 2 643	- 2 577	+ 2.6
Taxes	- 66	- 54	+ 23.4
Operations-related taxes, charges and fees	- 58	- 60	- 3.9
Customs duties	- 569	- 542	+ 4.9
Value-added tax	- 127	- 119	+ 7.0
Public sector	- 821	- 775	+ 5.8
Investors	- 119	- 119	- 0.4
Creation of (-) / Withdrawal (+) from reserves	- 310	- 270	+ 14.8
Distribution of added value	- 3 893	- 3 741	+ 4.1

¹ Values adjusted

Distribution of added value



DEVELOPMENT OF KEY FIGURES

	2002	2003	2004	2005 ¹	2006
Key financial data consolidated in CHF m.					
Retail turnover	13 536	14 396	13 969	14 049	14 699
Cash turnover / Direct sales	14 361	15 222	14 852	14 885	15 581
Net sales from merchandise and services	13 721	14 434	14 127	14 133	14 785
Operating cash flow (EBITDA)	1 151	1 177	1 171	1 039	1 237
Operating profit (EBIT)	563	531	491	348	553
Financial results	- 166	- 98	- 103	- 91	- 69
Profit / Loss for the financial year	331	341	320	270	310
Financial liabilities	4 464	4 448	4 360	3 980	3 297
Net financial debt	4 019	4 115	4 049	3 701	3 017
Equity incl. minority interests	3 625	3 930	4 264	4 602	4 931
Equity ratio in %	32.7	34.5	37.8	40.9	44.8
Total assets	11 095	11 385	11 290	11 249	10 999
Cash flow before changes in net current assets	971	849	936	818	1 068
Cash flow from operating activities	1 255	864	512	957	1 088
Cash flow from investment activities	- 669	- 858	- 431	- 552	- 377
Cash flow from financial activities	- 636	- 119	- 102	- 397	- 711
Personnel					
Employees as at 31.12	49 247	50 406	47 158	44 916	45 484
Full-time employees	40 528	41 249	39 292	37 370	37 271
Market shares in % (basis: market volume acc. to BAK)					
Food	21.6	22.3	20.5	20.5	21.0
Non-food	9.8	10.5	10.4	9.9	10.3
Coop Group	15.3	16.2	15.3	15.0	15.4
Sales outlets					
Number of sales outlets as at 31.12	1 487	1 513	1 433	1 437	1 546
Sales area in m ² as at 31.12	1 354 405	1 458 149	1 464 070	1 480 907	1 518 242
Cash turnover in CHF m.	13 187	14 032	13 649	13 690	14 300
Member households					
Number of households as at 31.12	2 149 863	2 250 740	2 323 602	2 316 223	2 461 462

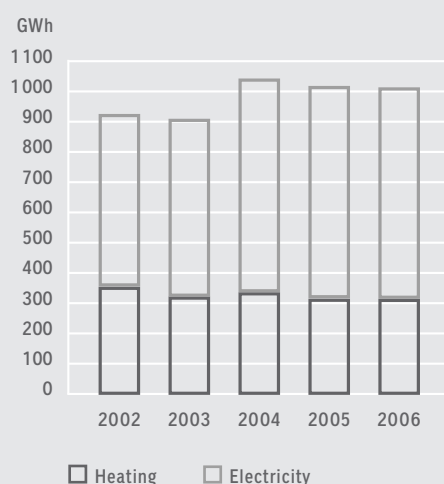
¹ Values adjusted

KEY ENVIRONMENTAL FIGURES

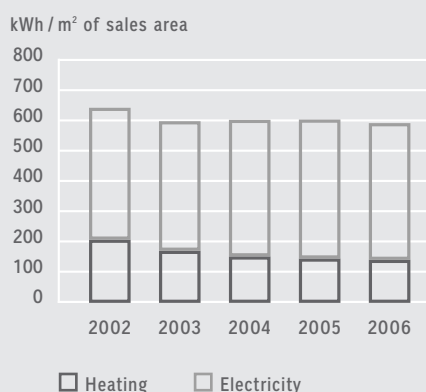
Survey period for energy data collection July to June, calendar year for other data	2006	2005	%
Sales of environmentally and socially responsible flagship labels CHF in thousands			
Coop Naturaplan	1 062 050	1 048 156	+ 1.3
Coop Naturaline	56 765	50 648	+ 12.1
Coop Oecoplan	94 488	94 396	+ 0.1
Max Havelaar	110 560	112 357	- 1.6
Sales	1 323 863	1 305 557	+ 1.4
Electricity consumption in MWh			
Sales outlets ¹	558 650	571 350	- 2.2
Distribution centres	90 992	89 897	+ 1.2
Production plants	43 292	41 267	+ 4.9
Central administration	7 951	7 366	+ 7.9
Consumption	700 885	709 880	- 1.3
Consumption sales outlets per m ² of sales area in kWh	450	464	- 2.9
Consumption sales outlets per thousand CHF of turnover in kWh	49	52	- 4.9
Energy consumption for heating purposes in MWh			
Sales outlets ¹	174 265	179 009	- 2.7
Distribution centres	100 887	99 401	+ 1.5
Production plants	31 037	28 622	+ 8.4
Central administration	3 114	2 983	+ 4.4
Consumption	309 303	310 016	- 0.2
Consumption sales outlets per m ² of sales area in kWh	140	145	- 3.3
Consumption sales outlets per thousand CHF of turnover in kWh	15	16	- 5.3

¹ Supermarkets, Department Stores, Building & Hobby

Energy consumption

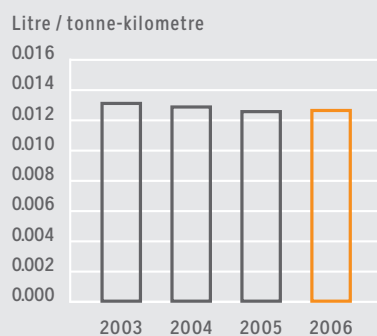


Specific energy consumption sales outlets

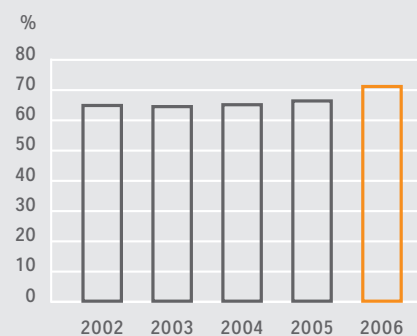


	2006	2005	%
Energy consumption (electricity and heating) in MWh			
Sales outlets ¹	732 915	750 359	- 2.3
Distribution centres	191 879	189 298	+ 1.4
Production plants	74 329	69 889	+ 6.4
Central administration	11 065	10 349	+ 6.9
Consumption	1 010 188	1 019 896	- 1.0
Consumption sales outlets per m ² of sales area in kWh	590	609	- 3.0
Consumption sales outlets per thousand CHF of turnover in kWh	64	68	- 5.0
Carbon dioxide emissions (CO₂) in t			
Sales outlets ¹	38 607	39 875	- 3.2
Distribution centres	15 516	16 585	- 6.4
Production plants	5 679	5 236	+ 8.5
Central administration	324	304	+ 6.5
Emissions	60 126	62 001	- 3.0
Water consumption in m³			
Distribution centres	332 081	349 090	- 4.9
Production plants	150 941	149 361	+ 1.1
Central administration	17 298	16 342	+ 5.8
Consumption	500 320	514 793	- 2.8
Consumption of diesel fuel by trucks per tonne-kilometre in litre			
Consumption	0.0127	0.0127	+ 0.2
Waste recycled in %			
Distribution centres incl. consignments from sales outlets	72	62	+ 16.1
Other distribution centres	82	76	+ 8.6
Production plants	69	79	- 12.7
Central administration	50	42	+ 19.0

Specific diesel consumption by trucks



Percentage of waste recycled, overall



CONSOLIDATED PROFIT AND LOSS STATEMENT

	Notes	CHF m. 2006	Share %	CHF m. 2005 ¹	Share %
Net sales from merchandise and services	1	14 785	100.0	14 133	100.0
Merchandise expense		- 9 867		- 9 497	
Gross income		4 918	33.3	4 636	32.8
Other operating income	2	686		677	
Personnel costs	3	- 2 598		- 2 529	
Advertising costs		- 341		- 359	
Other operating expenses	4	- 1 427		- 1 386	
Operating cash flow (EBITDA)		1 237	8.4	1 039	7.4
Depreciation	5	- 685		- 691	
Operating profit (EBIT)		553	3.7	348	2.5
Financial income / Expense	6	- 69		- 91	
Net profit / loss		484	3.3	257	1.8
Non-operating result	7	40		138	
Extraordinary profit / loss	8	- 75		- 26	
Pre-tax profit / loss (EBT)		449	3.0	369	2.6
Taxes	9	- 103		- 66	
Profit / Loss after taxes		346	2.3	303	2.1
Minority interests in profit / loss		- 36		- 33	
Profit / Loss for the financial year		310	2.1	270	1.9

¹ Values adjusted

CONSOLIDATED BALANCE SHEET STATEMENT

	Notes	CHF m.	Share %	CHF m.	Share %
as at 31.12		2006		2005 ¹	
Liquidity	10	280		280	
Securities		110		95	
Trade debtors	11	333		321	
Other short-term debtors	12	125		97	
Prepaid expenses and accrued income	13	183		165	
Stocks	14	1 491		1 502	
Current assets		2 521	22.9	2 460	21.9
Intangible fixed assets	15	378		446	
Financial assets	16	455		413	
Furniture, vehicles, machinery	17	1 245		1 260	
Immovable property	18	6 400		6 670	
Fixed assets		8 478	77.1	8 789	78.1
Assets		10 999	100.0	11 249	100.0
Trade creditors	19	1 025		867	
Short-term financial liabilities	20	932		1 102	
Other short-term liabilities	21	284		242	
Short-term provisions	22	100		85	
Deferred income and accrued expenses	23	433		620	
Short-term liabilities		2 775	25.2	2 915	25.9
Long-term financial liabilities	24	2 365		2 878	
Long-term provisions	25	929		854	
Long-term liabilities		3 293	29.9	3 732	33.2
Liabilities	26	6 068	55.2	6 647	59.1
Participation certificate capital					
Reserves		1 829		1 692	
Retained earnings		2 533		2 400	
Profit / Loss for the financial year		310		270	
Unappropriated profit / Accumulated loss		2 843		2 670	
Equity excl. minority interests		4 672	42.5	4 362	38.8
Minorities		259	2.4	240	2.1
Equity incl. minority interests		4 931	44.8	4 602	40.9
Liabilities and equity		10 999	100.0	11 249	100.0

¹ Values adjusted

CONSOLIDATED CASH FLOW STATEMENT

Source / Application of liquidity

	Notes	CHF m. 2006	CHF m. 2005 ¹
Profit / loss for the financial year before minority interests		346	303
Writedown of financial investments (excl. equity interests)		0	5
Depreciation of intangible assets		111	112
Depreciation of furniture, vehicles and machinery		278	315
Depreciation of immovable property		336	294
Depreciation of non-operational plant		3	4
Depreciation		729	731
Profit (-) / Loss on sale of fixed assets		- 72	- 153
Results other non-liquidity items		- 20	- 6
Income (-) / Expenditure on valuation of equity interests		15	3
Increase / Decrease in long-term provisions		70	- 60
Cash flow before changes in net current assets		1 068	818
Increase / Decrease (-) in current assets		3	123
Increase / Decrease in interest-free liabilities and short-term provisions		18	16
Cash flow from operating activities		1 088	957
Investments in intangible assets		- 48	- 270
Disposals of intangible assets		5	0
Intangible assets, reclassifications			
Intangible assets		- 43	- 270
Investments in furniture, vehicles and machinery		- 254	- 277
Disposals of furniture, vehicles and machinery		7	13
Furniture, vehicles and machinery		- 247	- 264
Investments in immovable property		- 381	- 473
Immovable property, own work capitalized		- 2	- 1
Disposals of immovable property		378	586
Immovable property		- 6	112
Investments in participating interests		- 33	- 46
Disposals of participating interests			3
Participating interests		- 33	- 44
Financial investments		- 3	- 139
Disposals of financial investments		15	63
Reclassifications of financial investments		- 67	47
Total financial investments		- 55	- 30
Investment in securities		- 7	- 6
Disposal of securities		12	10
Securities, reclassifications			- 59
Securities		5	- 55
Cash flow from investment activities	27	- 377	- 552
Increase / Decrease in interest-bearing liabilities		- 693	- 381
Dividend to minority shareholders		- 18	- 17
Own shares		0	0
Cash flow from financial transactions		- 711	- 397
Cash flow / Cash drain (-)		0	8
Liquidity at beginning of year		280	271
Cash flow / Cash drain (-)		0	8
Impact of changes in foreign exchange rates		0	1
Liquidity at end of year		280	280

¹ Values adjusted

CHANGES IN SHAREHOLDERS' EQUITY

	Reserves	Own shares	Retained earnings	Profit / Loss for the financial year	Equity excl. minority interests	Minority interests	Equity incl. minority interests
Equity as at 1.1.2005	1 344		2 376	320	4 041	223	4 264
Appropriation of profit / Dividend	297		23	- 320	0	- 17	- 17
First application of ARR 16	51				51		51
Purchase / Sale of own shares		- 0					
Profit / Loss for the financial year				270	270	33	303
Currency translation differences	- 0		0	0	- 0		
Equity as at 31.12.2005	1 692	- 0	2 400	270	4 362	240	4 602
Equity as at 1.1.2006	1 692	- 0	2 400	270	4 362	240	4 602
Appropriation of profit / dividend	137		133	- 270	- 0	- 18	- 18
Purchase / Sale of own shares		0			0		
Profit / loss for the financial year				310	310	36	346
Currency translation differences	0		- 0	0	- 0		
Equity as at 31.12.2006	1 829		2 533	310	4 672	259	4 931

Equity as at 31.12.2006



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 date of business control, 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, 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. Any surplus value paid for is carried under goodwill and written off systematically.

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.

Currency conversion

Local assets and liabilities are converted into Swiss francs on the basis of the exchange rate on the balance-sheet date. The conversion method for the local profit and loss accounts and the cash flow statement is based on the average rates for the year. Any divergences arising from the use of these two different conversion methods are taken directly to equity. The exchange rates for the most important currencies are listed in the additional notes to the consolidated annual accounts.

Scope of consolidation

The consolidated Coop companies are listed on page 83.

Valuation principles for selected items

Liquidity

Liquidity comprises cash, postal account and bank account balances, Reka cheques and lottery tickets (note 10).

Securities

The securities are marketable instruments that can be easily realized. They are carried in the balance sheet at market value.

Trade debtors and other short term 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 (notes 11 and 12).

Stocks

Stocks are stated at cost, which corresponds to the net purchase price plus additional procurement costs. Semi-manufactured and finished goods are valued at no more than production cost. Where the computed price of merchandise on the balance sheet date is below the cost, the "lower of cost or market" principle is applied. Individual value adjustments are made for materials that are no longer usable (note 14).

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 retained earnings. Other intangible assets are stated at their acquisition value and depreciated over 3–8 years on a straight-line basis. Brand-name rights and similar intangible assets are depreciated over a period of up to 25 years. In addition, all intangible assets undergo an annual impairment test. No research and development costs are capitalized (note 15).

Financial assets

Financial assets are carried in the balance sheet at cost, taking into account any necessary writedowns (note 16).

Furniture, vehicles, machinery, immovable property

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	10 years
Furniture	5 – 10 years
Machinery and plants	10 – 15 years
Vehicles	3 – 10 years
Temporary buildings	3 – 20 years
Immovable properties	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 above their book values, which means that on the basis of going concern values there are substantial reserves existing (notes 17 and 18).

Debt

Short-term debt includes all liabilities due within one year, plus deferrals and short-term provisions. 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 (note 26).

Taxes

All taxes on income which are due on taxable profits in the year under review are charged to the profit and loss account, regardless of the time at which they are due. Furthermore, owing to individual income and expense amounts being entered at different times in the consolidated statements or individual company tax statements, additional tax on earnings is incurred (deferred taxes). The deferred taxes resulting from these differences between the value for tax purposes and the book values are calculated at an average tax rate of up to 25% based on local tax rates and tax loss carry-forwards (note 9).

Operations-related taxes

Capital and property transfer taxes, duties on the issue of securities and other fiscal levies are carried in the profit and loss statement position "Other operating expenses" (note 4).

Notes to the consolidated annual accounts 2006

Swiss GAAP ARR framework

The Swiss GAAP ARR framework, valid as of 1 January 2006, was applied. The year-back values and the classification were appropriately adjusted.

Changes to the scope of consolidation

In the 2006 business year, the following changes occurred in the scope of consolidation at Coop compared with the previous year:

AX4 Holding AG was bought on 1 January 2006. Its CHRIST Uhren und Schmuck AG and Goldora Ideen AG subsidiaries were merged with AX4 Holding AG on 1 October 2006. On the same date, Cartiera di Locarno SA, Tenero, was bought as a subsidiary of Coop Immobilien AG and renamed CI Tessin AG. The firm of Coopernic SCRL was founded in cooperation with four other European partners in Brussels on 24 April 2006.

In the transGourmet Group, the merger of transGourmet Holding AG and transGourmet Schweiz AG was completed on 30 April 2006. Further mergers were carried out in the transGourmet France Group.

Coop-ITS-Travel AG was set up as a joint venture of Coop and REWE on 31 May 2006.

Changes in the cash flow statement

The cash flow statement is produced according to the indirect method and begins with the profit / loss after taxes. Liquidity, excluding securities, is now used as the basis for calculation.

Reclassifications

"Reclassifications" in the statements of changes in fixed assets refers particularly to transfers of down payments to another investment class as well as reclassifications.

Other operating income

"Other operating income" also includes income from the Toto (football pools), Lotto (lottery), car parks, advertising, telephone cards and various agency commissions (note 2).

Depreciations

The depreciation period of shop fittings was extended from eight to ten years, which more accurately reflects their useful life (note 5).

Disclosure of transGourmet

The transGourmet Group restated its 2005 financial figures on the basis of a qualitative reassessment. As a result, participating interests were reclassified as goodwill to the amount of CHF 103 million in the Coop Group's 2005 annual accounts. The corresponding items in the profit and loss account (depreciation, financial income / expense, extraor-

dinary profit / loss) were appropriately adjusted. The overall valuation of the transGourmet Group in 2005 was not affected by the reclassification.

Pension fund obligations

In terms of Swiss GAAP ARR, in the staff pension funds of the companies comprising the Coop Group there are no cover surpluses or shortfalls which require entry in the Group's consolidated annual accounts. There are no waivers of use or value impairment in the Employer Contribution Reserve (ECR) and therefore the latter was taken over unchanged.

The Coop Group assumes the costs of the occupational pension provision for all employees and their dependents as stipulated under law. The contributions are included under Social security contributions in the section on "Personnel costs" (additional notes to the consolidated annual accounts).

Extraordinary depreciation

Extraordinary depreciation for intangible assets in 2006 refers to Goodwill associated with the transGourmet joint venture in France. The depreciation was effected in keeping with the prudence principle (note 8).

Off-balance-sheet business

The values stated in the group "Derivative financial instruments" contain all derivative financial instruments outstanding on the balance sheet date, valued at market prices. These are included in the annual accounts only on falling due. Unrealized losses are booked in the profit and loss account.

On 1 January 2002 Coop acquired 50% of the shares in Betty Bossi Verlag AG. From 1 January 2002 until 31 December 2011 Ringier AG, Zofingen, holds a put option for the remaining 50% of the shares at a predetermined price (additional notes to the consolidated annual accounts).

Related parties

Companies consolidated by the equity method are considered to be related parties, as are natural entities such as Executive Committee members, members of the Board of Directors, pension funds, etc. Transactions with related parties were conducted in accordance with the usual market conditions. The main items are stated under the corresponding numbers in the Notes.

There are also reciprocal delivery and supply agreements in place. The usual market conditions apply, with transaction volumes being factored in (additional notes to the consolidated annual accounts).

Notes to the consolidated profit and loss account

	CHF m.	CHF m.
	2006	2005 ¹
Net sales Food	9 290	8 882
Net sales Non-food	5 495	5 250
1 Net sales from merchandise and services by division	14 785	14 133
Suisse Romande Region	3 026	2 809
Bern Region	2 012	1 925
Nordwestschweiz Region	2 777	2 694
Zentralschweiz-Zürich Region	3 146	3 006
Ostschweiz-Ticino Region	2 700	2 611
Headquarters / Manufacturing	1 124	1 089
1 Net sales from merchandise and services	14 785	14 133
Other operating income	541	530
Operating rental income	146	150
Own work capitalized	2	1
Change in stocks of semi-manufactured and finished goods	-2	-4
2 Other operating income	686	677
Wages and salaries	-2 065	-2 030
Social security contributions	-435	-419
Social security contributions as %	21.1	20.6
Other personnel costs	-98	-80
3 Personnel costs	-2 598	-2 529
Rent	-460	-414
Office and administrative costs	-140	-140
Charges and insurance premiums (non-life)	-52	-52
Operations-related taxes	-22	-27
Maintenance and replacement costs	-224	-221
Energy and supplies	-237	-239
Miscellaneous expenses	-292	-293
4 Other operating expenses	-1 427	-1 386
Goodwill	-57	-53
Other investments in intangible assets	-30	-30
Furniture, vehicles and machinery	-278	-314
Immovable property	-319	-294
5 Depreciation	-685	-691

¹ Values adjusted

	CHF m.	CHF m.
	2006	2005 ¹
Interest income and dividends	29	20
Gains on financial items	37	12
Investment income from equity-consolidated companies	-15	-3
Financial income	50	28
Interest expense	-98	-111
Losses on securities	-17	-6
Other financial expenses	-4	-3
Financial expenses	-119	-119
6 Financial income / Expense	-69	-91
Rental income	7	11
Income from disposal of fixed assets	72	153
Release of provisions no longer required		6
Release of restructuring and integration provisions	0	6
Non-operating income	5	40
Other non-operating income	84	217
Creation of restructuring and integration provisions		-0
Creation of provisions	0	-3
Non-operating expense	-40	-68
Other non-operating property expense	-5	-7
Other non-operating expense	-44	-79
7 Non-operating result	40	138
Extraordinary income	2	22
Extraordinary depreciation resulting from impairment of properties	-17	
Extraordinary depreciation resulting from impairment of intangible assets	-23	-29
Extraordinary expenses	-37	-18
8 Extraordinary profit / loss	-75	-26
Taxes on earnings	-66	-54
Deferred taxes on earnings	-37	-12
9 Taxes	-103	-66

¹ Values adjusted

Notes to the consolidated balance sheet

	CHF m. 2006	CHF m. 2005 ¹
Cash at banks and in hand	242	258
Reka cheques	17	22
Term deposits	21	0
10 Liquidity	280	280
Trade debtors	323	309
Minus 1% value adjustment	-3	-3
Amount due from equity-consolidated companies	13	16
11 Trade debtors	333	321
Other debtors	122	92
Other debtors from equity-consolidated companies	3	5
12 Other short-term debtors	125	97
Prepaid expenses and deferred charges	182	164
Prepaid expenses and deferred charges from equity-consolidated companies	1	2
13 Prepaid expenses and accrued income	183	165
Merchandise	1 360	1 339
Semi-manufactured and finished goods (production)	90	103
Raw material	76	95
Auxiliary and packaging materials	15	15
Value adjustment of stocks	-50	-51
14 Stocks	1 491	1 502

	Goodwill	Patents / Licences / Brands	Organ- izational costs	Software	CHF m. 2006	CHF m. 2005 ¹
Net book value as at 1.1	326	68	3	49	446	281
Acquisition value as at 1.1	472	121	75	110	779	497
Changes to scope of consolidation						
Investments	15		0	32	48	270
Disposals	-2		-0	-20	-23	-2
Impact of changes in foreign exchange rates	0		0	0	0	0
Reclassifications	-1		-7	0	-7	14
Acquisition value as at 31.12	485	121	68	122	797	779
Accumulated depreciation as at 1.1	-147	-53	-72	-61	-332	-216
Changes to scope of consolidation						
Depreciation	-57	-5	-1	-24	-88	-83
Extraordinary depreciation	-23				-23	-29
Accumulated depreciation on disposals	2		0	15	17	2
Impact of changes in foreign exchange rates	-0			-0	-0	-0
Reclassifications	0		7	-0	7	-6
Accumulated depreciation as at 31.12	-225	-58	-66	-70	-419	-332
15 Intangible fixed assets as at 31.12	260	63	3	53	378	446

¹ Values adjusted

	Employer contribution reserve	Financial assets held at banks	Other financial assets	Particip. (equity method)	CHF m. 2006	CHF m. 2005 ¹
Net book value as at 1.1	95		245	73	413	206
First application of ARR 16						110
Addition	1		2	2	5	200
Disposal	-0		-15		-16	-83
Value adjustment			-0	-15	-15	-5
Reclassifications		0	67		67	-55
16 Financial assets as at 31.12	96	0	298	60	454	413

Loans to equity-consolidated companies	194	130
Amount secured by lien due from third parties	2	6
Loans to third parties	37	44
Other financial investments, third parties	65	64
Other financial assets	298	245

	Furniture / Tools	Vehicles	IT	Machinery / Plants	CHF m. 2006	CHF m. 2005 ¹
Net book value as at 1.1	785	63	102	310	1 260	1 309
Acquisition value as at 1.1	1 562	152	310	753	2 776	3 198
Changes to scope of consolidation	-0	0		42	42	0
Investments	145	16	37	56	254	277
Disposals	-207	-21	-60	-59	-347	-674
Impact of changes in foreign exchange rates	0	0	0	0	1	0
Reclassifications	-13	0	11	68	67	-25
Acquisition value as at 31.12	1 488	148	298	859	2 792	2 776
Accumulated depreciation as at 1.1	-777	-89	-207	-443	-1 516	-1 889
Changes to scope of consolidation	0	-0		-36	-36	
Depreciation	-158	-17	-45	-57	-278	-314
Extraordinary depreciation						
Accumulated depreciation on disposals	206	19	60	55	340	662
Impact of changes in foreign exchange rates	-0	-0	-0	-0	-0	-0
Reclassifications	3	0	-0	-61	-58	25
Accumulated depreciation as at 31.12	-726	-87	-193	-541	-1 548	-1 516
17 Furniture, vehicles, machinery as at 31.12	761	61	105	318	1 245	1 260

¹ Values adjusted

	Vacant plots of land	Installations	Buildings	Properties not used for operational purposes	CHF m. 2006	CHF m. 2005 ¹
Net book value as at 1.1	66	1 016	5 553	35	6 670	6 935
Acquisition value as at 1.1	67	1 695	7 790	47	9 600	9 878
Changes to scope of consolidation		- 15	15			
Investments	0	135	247	0	383	474
Disposals	- 11	- 93	- 412	- 5	- 521	- 759
Impact of changes in foreign exchange rates	0	0	1	0	1	0
Reclassifications		- 33	- 77	104	- 6	7
Acquisition value as at 31.12	57	1 690	7 565	146	9 458	9 600
Accumulated depreciation as at 1.1	- 2	- 679	- 2 238	- 12	- 2 931	- 2 943
Changes to scope of consolidation		10	- 10			
Depreciation	- 0	- 119	- 203	- 1	- 323	- 299
Extraordinary depreciation	- 1		- 13	- 2	- 17	
Accumulated depreciation on disposals	0	79	136	1	215	325
Impact of changes in foreign exchange rates	- 0	- 0	- 0	- 0	- 1	- 0
Reclassifications		8	29	- 39	- 3	- 14
Accumulated depreciation as at 31.12	- 3	- 702	- 2 299	- 54	- 3 058	- 2 931
18 Immovable property as at 31.12	54	988	5 266	92	6 400	6 670

Buildings under construction (included in "Buildings")	CHF m. 2006	CHF m. 2005 ¹
Net book value as at 1.1	121	236
Acquisition value as at 1.1	121	239
Changes to scope of consolidation		- 0
Investments	27	88
Disposals	- 3	- 3
Capitalizations	- 84	- 203
Reclassifications		
Acquisition value as at 31.12	61	121
Accumulated depreciation as at 1.1		- 3
Changes to scope of consolidation		
Depreciation		
Extraordinary depreciation		
Accumulated depreciation on disposals		3
Reclassifications		
Accumulated depreciation as at 31.12		
Buildings under construction as at 31.12	61	121

Book value of assets pledged to secure own commitments	524	1 217
Secured liabilities	133	490

¹ Values adjusted

	CHF m. 2006	CHF m. 2005 ¹
Trade creditors	1 016	860
Sums owed to equity-consolidated companies	9	7
19 Trade creditors	1 025	867

Bank current accounts	19	30
Bank loans	165	153
Other short-term financial liabilities	32	191
Other short-term liabilities to equity-consolidated companies	14	6
Short-term portion of long-term financial liabilities	701	722
20 Short-term financial liabilities	932	1 102

Downpayments from customers	112	78
Taxes	161	157
Other short-term liabilities	11	6
21 Other short-term liabilities, non-interest-bearing	284	242

	Pension funds	Restruc- turings	Other provisions	CHF m. 2006	CHF m. 2005 ¹
Short-term provisions as at 1.1	12	3	70	85	
Changes to scope of consolidation			1	1	
Creation of provisions	10		18	28	
Use of provisions	-2	-0	-9	-11	
Release of provisions no longer required		-2	-1	-3	
Reclassifications					85
22 Short-term provisions as at 31.12	20	1	79	100	85

	CHF m. 2006	CHF m. 2005 ¹
Deferred income and accrued expenses	433	614
Deferred income and accrued expenses from equity-consolidated companies		6
23 Deferred income and accrued expenses	433	620

¹ Values adjusted

				CHF m.	CHF m.
				2006	2005 ¹
Deposit and investment accounts				899	887
Medium-term bonds				242	181
Coop	1997 – 2007	3¾%	200		
Coop	1999 – 2009	4%	250		
Coop	2003 – 2008	2¾%	325		
Coop	2004 – 2011	2¾%	250		
Coop	2005 – 2012	2½%	250		
Bonds				1 275	1 375
Bank loans				372	447
Mortgages				127	490
Building loans					
Other loans				151	219
Commitments towards pension funds				0	0
Short-term portion of financial liabilities				- 701	- 722
24 Long-term financial liabilities				2 365	2 878

	Pension funds	Restructurings	Deferred taxes	Other provisions	CHF m.	CHF m.
					2006	2005 ¹
Long-term provisions as at 1.1	39	4	555	256	854	954
Changes to scope of consolidation			4		4	
Creation of provisions	34		45	147	225	326
Use of provisions	- 8	- 1		- 125	- 134	- 320
Release of provisions no longer required	- 2	- 0	- 6	- 13	- 21	- 22
Reclassifications						- 85
Impact of changes in foreign exchange rates	0		0	0	0	0
25 Long-term provisions as at 31.12	64	3	598	265	929	854

	CHF m.	CHF m.
	2006	2005 ¹
Short-term financial liabilities	932	1 102
Long-term financial liabilities	2 365	2 878
Financial liabilities	3 297	3 980
Non-interest-bearing liabilities	2 771	2 667
26 Liabilities	6 068	6 647

Financial liabilities	3 297	3 980
Liquidity	- 280	- 280
Net financial debt	3 017	3 701

Personnel-related items	4	3
Supercard	243	231
Value-added tax	59	44
Sundry items	37	49
Other provisions (short- and long-term)	343	326

Other provisions short-term	79	70
Other provisions long-term	265	256
Other provisions (short- and long-term)	343	326

¹ Values adjusted

Notes to the consolidated cash flow statement

	CHF m.	CHF m.
	2006	2005 ¹
Investment in intangible assets	- 48	- 270
Investment in furniture, vehicles, machinery	- 254	- 277
Investment in immovable property	- 381	- 473
Own work	- 2	- 1
Investments	- 685	- 1 022
Disposal of intangible assets	5	0
Disposal of furniture, vehicles, machinery	7	13
Disposal of immovable property	378	586
Disposals	390	599
Net investment in fixed assets	- 295	- 423
Disposal of participating interests	- 33	- 46
Disposal of financial investments / securities	- 10	- 145
Investment in participating interests / financial investments / securities	- 43	- 192
Disposal of participating interests		3
Disposal of financial investments / securities	27	73
Disposal of participating interests / financial investments / securities	27	76
Reclassifications financial investment / securities	- 67	- 12
27 Cash flow from investment activities	- 377	- 552

Investment in intangible assets	- 48	- 270
Investment in furniture, vehicles, machinery	- 254	- 277
Investment in immovable property	- 381	- 473
Investment in participating interests	- 33	- 46
Financial investments / securities	- 10	- 145
Own work	- 2	- 1
Investments	- 728	- 1 214
Disposal of intangible assets	5	0
Disposal of furniture, vehicles, machinery	7	13
Disposal of immovable property	378	586
Disposal of participating interests		3
Disposal of financial investments / securities	27	73
Disposals	418	674
Reclassifications financial investment / securities	- 67	- 12
27 Cash flow from investment activities	- 377	- 552

¹ Values adjusted

Additional notes to the consolidated annual accounts

Pension fund obligations	Balance sheet	Change	Balance sheet	Balance sheet
Employer contribution reserve (ECR)	1.1.2006		31.12.2006	31.12.2005
Patronage funds / Patronage pension funds	22		22	22
Pension funds	73	1	74	73
ECR	95	1	96	95

	CHF m.	CHF m.
	2006	2005

Contributions to staff pension funds

Statutory employee contributions	79	78
Statutory employer contributions	183	172

Commitments towards pension funds of which secured by lien	0	0
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Guarantees

Guarantees in favour of third parties	27	57
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Insured value

Movable property	11 640	13 313
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A new evaluation method was applied in 2006, in cooperation with the insurance companies.

Commitments from long-term rental and right-to-build agreements broken down by term

2006		376
2007	410	369
2008	402	343
2009	379	340
2010–2012	937	850
>2012	2 104	1 644

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	1.610	1.550
HKD 1	0.158	0.170
USD 1	1.220	1.315
GBP 1	2.390	2.260
JPY 100	1.030	1.115

Average rates for the year for the profit and loss account

EUR 1	1.577	1.548
HKD 1	0.160	0.161
USD 1	1.248	1.253
GBP 1	2.312	2.268
JPY 100	1.076	1.325

Derivative financial instruments	Contract value		Replacement values			
			positive		negative	
	2006	2005	2006	2005	2006	2005
Interest		90				2
Currencies	79	156	1	1	0	
Other deriv. financial instruments (commodities, equity securities)	411	479	5	3	3	2

Related parties	CHF m.	
	2006	2005
Operating income	190	68
Operating expenses	120	75

Scope of consolidation

as at 31.12.2006		Percentage held by Group	Nominal capital	Basis ¹
		%	CHF m.	
Coop	Basel			
Alcoba Distribution SA	F-Strasbourg	50.00	€ 3.0	F
AX4 Holding AG	Basel	100.00	5.7	F
Bell Holding AG	Basel	60.54	2.0	F
Bell AG	Basel	100.00	20.0	F
Bell Finance Limited	GB-Jersey	100.00	0.1	F
Centravo AG	Zürich	27.30		E
Frigo St. Johann AG	Basel	100.00	2.0	F
GWJ Geflügel- und Wildimport AG	Basel	100.00	2.0	F
Maurer Frères SA	F-Kingersheim	50.00	1.5	F
SBA Schlachtbetrieb Basel AG	Basel	48.00		E
Betty Bossi Verlag AG	Zürich	50.00		E
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
Coopernic SCRL	B-Bruxelles	20.00	0.5	E
Coop Bildungszentrum	Muttenz	100.00	0.4	F
Coop Immobilien AG	Bern	100.00	855.4	F
Complexe de Chêne-Bourg-A SA	Chêne-Bourg	100.00	0.1	F
Complexe de Chêne-Bourg-C SA	Chêne-Bourg	100.00	0.1	F
Complexe de Chêne-Bourg-D SA	Chêne-Bourg	100.00	0.1	F
CI Tessin AG	Tenero	100.00	9.0	F
Coop-ITS-Travel AG	Wollerau	50.00		E
Coop Mineraloel AG	Allschwil	51.00	10.0	F
Tanklager Rothenburg AG	Rothenburg	33.00		E
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
HiCoPain AG	Dagmersellen	40.00		E
Panflor AG	Zürich	100.00	0.1	F
PG Immobilien SA	Basel	100.00	2.5	F
Toomax-x Handelsgesellschaft m.b.H. in Liquidation	A-Klosterneuburg	25.00		E
Toomax-x Handelsgesellschaft m.b.H.	D-Köln	25.00		E
transGourmet Schweiz AG	Basel	50.00	20.4	E
Grossopanel AG	Stans	39.80		E
Prolix Informatik AG	Heimberg	30.00		E
Valentin Pontresina AG	Pontresina	50.00		E
WINE AG, VALENTIN & VON SALIS	Pontresina	50.00		E
growa.com ag	Basel	100.00	0.1	F
howeg.com ag	Basel	100.00	0.1	F
prodega.com ag	Basel	100.00	0.1	F
transGourmet.com ag	Basel	100.00	0.1	F
transGourmet France SAS (Group)	F-Orly	100.00	€ 191.1	F
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

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Report of the group auditors
to the assembly of delegates of
Coop
Basel

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, statement of cash flows, statement of changes in equity and notes) of Coop Group reproduced on pages 66 - 83 for the year ended December 31, 2006.

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 Swiss Auditing Standards, 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 ARR and comply with Swiss law.

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

PricewaterhouseCoopers AG



Dr. R. Gerber
Auditor in charge



M. Rist

Basel, March 2, 2007

ADDRESSES

As at 1 April 2007

Coop headquarters

**Presidium of Executive Committee
Retail Business Unit**
Hansueli Loosli

Marketing / Purchasing Business Unit
Jürg Peritz

Logistics / IT / Manufacturing Business Unit
Jörg Ackermann

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