Coop Group

**2007 ANNUAL REPORT** 



## **KEY FIGURES**

	2007	2006	Change	%
Key financial data consolidated in CHF m				
Retail turnover	15755	14709	+1046	+7,1
Cash turnover / direct sales	16669	15 590	+1078	+6,9
Net sales	15812	14785	+1 027	+6,9
Operating cash flow (EBITDA)	1 383	1 2 3 7	+145	+11,7
Operating result (EBIT)	644	553	+92	+16,6
Financial result incl. result of associated organizations	-39	-69	+ 30	-43,4
Profit / loss for the year	350	310	+40	+12,9
Interest-bearing liabilities	3 5 3 4	3 2 9 7	+237	+7,2
Net financial liabilities	3219	3017	+202	+6,7
Equity incl. minority interests	5 3 2 4	4931	+394	+ 8,0
Equity ratio in %	45,1	44,8	+0,3	+0,6
Total assets	11810	10999	+811	+7,4
Cash flow before change in net current assets	1 2 5 4	1 068	+186	+17,4
Cash flow / drain from operating activities	1155	1 0 8 9	+67	+6,1
Cash flow / drain from investing activities	-1351	-377	-974	+258,1
Cash flow / drain from financing activities	231	-711	+943	-132,5
Personnel				
Employees at 31.12	48 200	45 428	+2772	+6,1
Full-time employees	38 2 30	37 271	+959	+2,6
Market shares in % (Basis: market volume according to BAK)				
Food	21,6	21,0	+0.5	
Non-food	10,6	10,1	+0,5	
Coop Group	15,8	15,3	+0,5	
Sales outlets				
Number of sales outlets at 31.12	1739	1 5 4 6	+193	+12.5
Sales area in $m^2$ at 31.12	1 624 047	1 518 242	+105 805	+12,5
Sales area in m <sup>2</sup> , annual average	1 550 155	1 497 395	+ 52 760	+ 7,0
Cash turnover in CHF m	15 390	1437393	+1 081	+ 7,6
	13 330	14 003		. 7,0
Member households				
Number of households at 31.12	2 502 100	2 461 462	+ 40 638	+1,7

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The Coop Group can look back on 2007 as one of the most successful business years in its history. Record sales meant that we gained market share, significantly strengthened our market position and improved our earnings power.

The number of Coop sales outlets increased by 193 to 1,739, while sales area grew by 7.0%. Consolidated turnover rose to 16.67 billion francs, 6.9 % up on the year-back figure. Retail turnover grew by 7.1% to 15.76 billion francs, increasing Coop's share of the market as a whole by 0.5 percentage points to 15.8 %. Operating cash flow (EBITDA) rose 11.7 % to 1.38 billion francs, and profit for the year grew by 12.9% to 350 million. Besides the good result, the balance sheet statement also demonstrates the Group's healthy finances: Coop raised its equity by 8.0% to 5.32 billion francs or 45.1 % of total assets. While this excellent result was due in part to external factors such as the generally good economic situation and the positive consumer sentiment, the continuing dynamism of the market spurred us on to develop even more momentum and achieve further outstanding perfor-

## BEST RESULT, INTERNATIONAL CHALLENGES AND A COMMITMENT TO SUSTAINABLE DEVELOPMENT

mance. We implemented the new sales market strategy consistently, addressing new target groups with new product lines, services and sales channels. We greatly improved the attractiveness of our prices in a way that made itself felt, by investing in price markdowns, systematically implementing the four-segment price strategy, increasing efficiency and engaging in international cooperation on sourcing.

But 2007 also confirmed a trend that had been heralded the previous year: Coop can now reap the hardearned benefits of its efforts during the long and turbulent years of reorganization and expansion. These efforts included Coop's commitment to environmentally and socially responsible products, the merger to form a single, nation-wide cooperative society and a number of acquisitions and restructurings. But we are still operating in a highly competitive market in which many challenges await us. Rapidly rising prices of raw materials have, for instance, shown us how dependent Swiss retailers are on the international environment. And a successful year makes us all the more aware that the Swiss market offers a major national player little scope for development.

Coop responded to the internationalization of the market by joining Coopernic, the European purchasing alliance that has more than proved its usefulness in its first 18 months. Along with its Coopernic partners, Coop is acquiring a stake in the Latvian-Lithuanian IKI Group, its first such commitment in the international retail trade. In Switzerland, we want to exploit synergies and round out our offering with the acquisition of Dipl. Ing. Fust AG and the planned purchase of the Carrefour sales outlets.

The increasingly rapid pace of consumer trends is a further challenge. Coop is not resting on the laurels won by its pioneering achievements in the field of environmentally and socially responsible products. As with Pro Montagna or Slow Food in the year under review, we shall continue to create new offers for customers who want food that is both healthy and tasty, environmental and social responsibility paired with zest for life, and products that are attractive as well as sustainable.

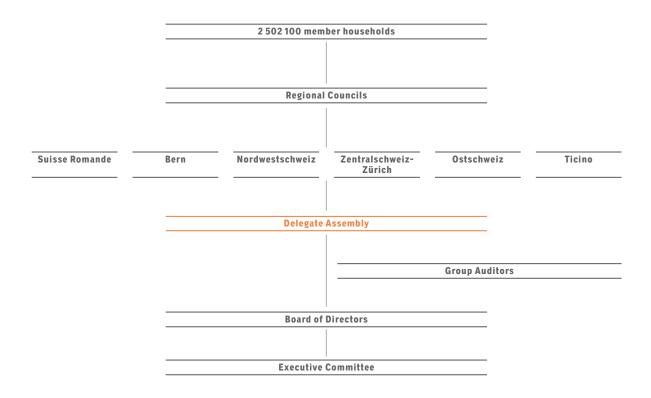
We are playing our part in exercising responsibility for sustainable development and are therefore working together with WWF in a wide-ranging partnership that also encompasses climate protection: we are particularly pleased to be the first European retailer to offset the carbon  $(CO_2)$  emissions of air freight. The new "Ecology and Ethics" mission in our revised corporate profile is testimony to our commitment to the environment. It stands alongside our "Profitability" mission, which is also new: our products and services must not only be environmentally and socially responsible, but also commercially successful, have an impact and ensure the long-term development of the Group.

We should like to take this opportunity of thanking all our customers who have supported our efforts and helped us to have such a successful year. We should also like to thank all our employees and business partners whose enthusiasm and readiness to assume responsibility have contributed so much to our success.

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	lrene 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	Finance and Services	Property
Hansueli Loosli	Hansueli Loosli	Rudolf Burger	Jürg Peritz	Leo Ebneter	Hans Peter Schwarz	Jean-Marc Chapuis

## STRATEGIC PROJECTS

## GREATER RESPONSIBILITY FOR THE ENVIRONMENT, AN EXPANDED OFFERING AND FIRST STEPS ABROAD

#### For Coop, climate protection is a call to arms

The greatest added value that Coop offers its customers is its enormous range of environmentally and socially responsible products. Coop has stepped up its activities in this area with its WWF partnership and its involvement in the WWF-initiated Wood and Seafood Groups. It has also focused increasingly on climate change. To achieve the Confederation's CO<sub>2</sub> emission targets, Coop is working closely with the Business Energy Agency, EnaW. With money from its Climate Fund, which it supports to the tune of 2 million francs a year, Coop offsets CO<sub>2</sub> emissions caused by air freighting of goods – the first European retailer to do so. In addition, a special label "By Air" shows customers which products are involved and thus creates transparency. Coop exercises its responsibility for the sustainability of the Group as a whole as well as of its products and services. In Schönenwerd in December 2007, for instance, it opened the first Coop supermarket to satisfy the Minergie lowenergy standard. Going forward, all newly-built sales outlets will have to meet this standard.

#### Further improvement in pricing performance

Despite good consumer sentiment and the positive business outlook, price awareness continues to be a decisive factor in the market. Coop has invested several hundred million francs in improving pricing performance and price perception over the last few years. It has now achieved price parity with its main competitor in the range and in all price segments. The new price monitor created by ACNielsen and its regular and fair comparisons are regarded as a yardstick of Coop's competitiveness in terms of pricing. In the year under review, for instance, Coop prices were down 1.6% overall, despite mark-ups due to higher raw-material costs. Besides improvements in efficiency, this was achieved by lowering purchase prices on branded articles and stepping up international cooperation on sourcing. Coop will continue to improve its pricing performance, and at the same time develop its strengths as the provider with the greatest range diversity and specific added value.

# Purchasing with Coopernic ensures much better conditions

The internationalization of trade and industry makes the purchasing alliance between retailers from Germany, France, Italy and Belgium particularly important for Coop. Coopernic has significantly improved purchasing terms and conditions in the first one and a half years of its existence. But this successful European collaboration has also generated other benefits such as the harmonization of quality criteria, establishment of new supply chains and opportunities for supplying the alliance partners with products from members' own manufacturing companies.

### Coop takes a step into international retailing

Set up as a purchasing cooperative venture, Coopernic is growing into a trading alliance: the Coopernic part-

ners acquired 80 % of shares in Lithuania's fast-growing IKI Group at the end of 2007. IKI is represented in Lithuania and Latvia by 217 supermarkets, convenience shops and discount stores. With approximately 7,500 employees, it generated sales of 647 million euros in 2007. These sales make IKI Group the number three in the Baltic states as a whole, and it is already the number two retailer in Lithuania. Given the shortage of modern supermarkets in the Baltic states, the outlook for growth in this region in the coming years is very good. Coop's foothold in the Baltic states is its second commitment abroad (besides its participation through transGourmet in the French catering and wholesale market) and its first in the retailing sector.

#### Leader role with Dipl. Ing. Fust AG

Coop is continuing to strengthen its position in electrical appliances and consumer electronics. It reached agreement with Jelmoli AG in 2007 to buy Dipl. Ing. Fust AG; following the consent of the Competition Commission, the purchase went ahead at the end of November. Coop also acquired the shares of netto24 AG, Switzerland's largest online provider in the nonfood sector. Dipl. Ing. Fust AG operates 152 stores in Switzerland and in 2007 posted sales of about 900 million francs in the electrical home appliances, multimedia and kitchen/bathroom sectors. It also owns majority stakes in the repair service provider Service 7000 AG. Coop will continue to run Dipl. Ing. Fust AG with its 1,953 employees as an autonomous subsidiary. With its emphasis on household and kitchen appliances, Dipl. Ing. Fust AG ideally rounds off the Interdiscount offering and its focus on consumer electronics.

#### **Planned takeover of Carrefour sales outlets**

Subject to the agreement of the Swiss Competition Commission, Coop is to take over Carrefour's 12 large supermarkets in Switzerland.

## Commitment to a healthy diet and physical activity

Health-related problems and overweight due to poor diet or lack of exercise are on the rise, particularly in children. As a major food distributor, Coop takes its responsibilities seriously and provides its customers with information as well as specific offers and product lines. The food profile it already prints on some 1,000 own-brand products creates transparency on the nutritional value of the product per portion. The Online Coach is an Internet service that helps customers slim down or maintain their weight by providing personal tips, recipes and exercise programmes. Some 10,000 participants have already benefited from this service. For children in the 4-9 age group, the new JaMaDu own brand offers well balanced food products selected and tested by a children's jury. With the cheerful ruffed lemur as emblem, Coop will participate to a greater extent in projects designed to encourage nutritional awareness and physical activity among children and young people.

# A GOOD ECONOMIC SITUATION, A CHANGING ENVIRONMENT AND NEW CUSTOMERS

### **MARKET AND PRICES**

# Strong demand and new consumer trends

The Swiss retail sector enjoyed a successful year in 2007, achieving record growth rates. As in the previous year, Coop responds systematically to new trends in consumption. Against the background of a changing environment it has improved its pricing performance and underpinned its commitment to efficient international sourcing and to good operating conditions in Switzerland.

providers benefited from the good economic situation and the positive consumer sentiment. There was also a slight fall in cross-border shopping, due in part to the expensive euro. Various restructurings and mergers kept the market in a constant state of flux. In addition, consumer needs are changing at an ever faster pace. They are becoming more specific and individual, but without any decline in price awareness. More and more people are comparing local offerings with those available abroad. Against this backdrop, Coop again expanded its competence in product ranges and established itself as the retailer with the most comprehensive brand mix in all price segments. It focused increasingly on the consumer trends of enjoyment/guality, ecology/sustainability and health by creating new offers with specific added value in these areas.

### Price awareness as strong as ever

Price awareness continues to be an important market factor. Price parity with Coop's main competitor in the range as a whole and in all price segments had to be further maintained in the year under review. Coop created the price monitor as a tool for comparing prices. It further improved its pricing performance by achieving additional gains in efficiency. It also worked to obtain good purchase prices from manufacturers of branded articles and of Coop's own brands and to ensure favourable political operating conditions. The international environment in 2007 was a challenging one for purchasing.

#### PURCHASING

### **Higher raw-material prices**

Enormous price hikes in the international markets for agricultural raw materials left their mark on the second half of the year under review. The growing purchasing power of the emerging economies of China and India, the drought in Australia and the decline in production in Europe as a result of years of low prices led to a tangible shortfall in supplies of milk. This offset the reduction in the price of imported cheeses which had followed the liberalization of the cheese market and which Coop had passed on to its customers – the first retailer to do so. In autumn there was a further rise in the price of butter, which Coop, among others, had lowered at the beginning of the year by launching its own butter brand, bypassing the butter cartel. There was also an upward price trend on international cereal markets. This was due in part to the increased competition caused by the use of cereals for bioethanol production. In addition, the wet summer resulted in an extremely poor harvest in Switzerland. The more flexible handling of customs duties initially proposed by Coop will be implemented in mid-2008. There was also a rise in the price of cocoa and nuts, resulting in narrower margins on chocolate and confectionery.

# First fruits of cooperation on international purchasing

The European sourcing alliance Coopernic, which Coop joined in 2006 along with German, French, Italian and Belgian retailers, is a success. It has already concluded over 150 agreements with providers of major international brands, negotiating substantial price reductions in exchange for optimum, internationally coordinated sales-promotion services and the largest possible purchase volumes. In addition, pooling of information makes it easier for Coopernic members to deal with the high prices on the raw-material markets. Coop passes on any price cuts achieved by the purchasing alliance straight to the customers. About 10 % of price reductions at Coop can be attributed to Coopernic. Within the alliance, Coop applies its specific know-how to promoting uniform quality assurance processes and the observance of minimum environmental and social standards.

#### **POLITICAL ISSUES**

#### **Opposition to higher taxes on food**

As a member of the Swiss retailers' organization IG DHS, Coop stepped up its efforts to improve general business conditions. These include easing of import restrictions by permitting parallel imports, removing technical barriers to trade through, for instance, the Cassis-de-Dijon principle (unrestricted import of products produced in the EU under less stringent conditions) or by bringing food legislation more rapidly into line with the EU Food Act. To Coop's satisfaction, the Federal Council issued a mandate to negotiate an agricultural free trade agreement with the EU and will enter into corresponding discussions. Coop welcomes the forthcoming overhaul of the value added tax, but is strongly opposed to the proposed uniform rate of over 6%. This rate would result in additional taxation of 3.8 percentage points or 950 million francs on food. Coop's view is that any such additional burden on everyday items is not justified, nor does it make sense in terms of social policy. Besides, a glance across the border shows that all neighbouring countries have lower value added tax on foodstuffs.

## Environmental protection must start at the source

Together with IG DHS, Coop opposed any further rise in the engine-related heavy-goods vehicle charge (LSVA) because it is unlikely to shift much transport from road to rail and will cause enormous additional costs for retailers. As a member of espace.mobilité, the interest group of the retail and property business, Coop promotes efficient and cost-effective environmental protection which begins at the source and which does not unfairly target shopping traffic. There is a need for satisfactory long-term solutions that are based on good physical development and location policies rather than on dubious restrictions such as parking fees.







## MY OWN EXPERIENCE OF COOP MANUELA FURRER AND FILOMENA FROM HERGISWIL



They used to ride motorbike and travelled the world on it. Then their wish came true. Now Manuela and René Furrer are happy to be with Filomena. Manuela Furrer always knew that she would take time out to be with her daughter in the first few years. This decision changed her shopping habits. For instance, the family shopping session at the Coop Pilatus Market in Kriens on 19 November 2007.

























## MAYBE I'M A COOP FAN BECAUSE MY MOTHER DID MOST OF HER SHOPPING AT COOP. THE PLACE WHERE OUR MOTHERS DID THEIR SHOPPING APPARENTLY SHAPES OUR LATER SHOPPING HABITS.

- I used to be a dental assistant. It was an interesting job, but I'm not sorry I gave it up. I'm not bored at all, especially since we moved to the country. I love working in the garden and I enjoy the time I spend with Filomena. She's an uncomplicated, happy child. Which is wonderful. Since I no longer have a job, I've obviously become more price-conscious when shopping. I pay more attention to the special offers in the Coop newspaper.
- OK, I do splurge out a little now and then. On Fine Food salmon, for instance. I'm also quite choosy when it comes to meat. I always buy it from the service counter. But if we need large quantities of something, I go for Prix Garantie. For things like paper napkins, mineral water or rice. Because you know the quality is good, and I have to admit that my experience to date has always been positive. In any case, I'm your typical Coop customer. Though I don't really know why. There are just certain things I like only if they're from Coop. Tinned vegetables, for instance. They're just better than anywhere else.
- Maybe I'm a Coop fan because my mother did most of her shopping at Coop. The place where our mothers did their shopping apparently shapes our later shopping habits. I also usually take my daughter along with me. Filomena loves to go shopping with me. The most exciting items for her are JaMaDu products. These are real magnets for children. Filomena's always saying: "Mummy, we've got to buy this. We haven't got it at home yet." She's allowed a small JaMaDu juice, that's OK by me. But I'm very firm at the check-out desk where the sweets are displayed. If you send the wrong signals there, then it'll end in tears.

## PRODUCTS AND SERVICES AN OFFERING THAT EMBODIES ENJOYMENT, TRADITION AND HEALTH, BUT UNDERPINNED BY INFORMATION AND SERVICES

### PRICES

# Further improvement in pricing performance

Coop has invested several hundred million francs in improving its pricing performance over the last few years and has

now achieved price parity with its main competitor. Pricing performance also improved in 2007, with investments amounting to a good 150 million francs. After eight further price-cutting rounds, 800 products were up to 25 % cheaper. Coop's prices fell by 1.6 % overall in 2007. Owing to rising raw-material, transport and packaging costs, Coop had to raise the prices of bread and dairy products several times – to about the 2005 level from which they had successively fallen. Coop accepted price hikes on branded articles only if they were demonstrably due to higher raw-material costs. In addition, the Coop member press was proactive in providing customers with transparent information on price developments.

### Competitive prices confirmed by price monitor

Coop operates the most comprehensive price monitor in Switzerland, enabling it to offer competitive prices and launch price initiatives on the market at any time. Since March 2007, the independent market research institute ACNielsen has been regularly comparing the prices charged for a specific basket of goods by the

Coop has expanded its range of environmentally and socially responsible products, health-related services and innovative brands that target new consumer groups, while also improving its pricing performance and implementing a transparent pricing policy.

> major retailers. The basket now comprises some 2,000 items of everyday use from all ranges, thus ensuring an honest, transparent and representative price comparison. It compares like with like, i.e. articles from bargain-price labels, own brands or branded articles are compared within their respective categories. The findings of the price monitor show that Coop is keeping up with its main competitor in all price segments and even regularly undercuts it, particularly in the ownbrand sector.

#### DIVERSITY

## Range diversity expanded and more clearly positioned

Coop offers the most comprehensive brand mix in Switzerland, targeting a wide range of specific customer needs. Besides the biggest selection of branded articles, it also offers a variety of own brands in all price segments. Systematically implementing the sales market strategy revised in 2006, Coop further expanded its range in 2007 while also positioning it more clearly. In the sustainable products sector, the new Coop Naturafarm brand will ensure greater transparency. It is devoted exclusively to Swiss meat and eggs obtained from animal-friendly, but not organic, production. Henceforth, the Coop Naturaplan label will be used solely for organic products. Coop also now offers products from Swiss mountain regions in the Pro Montagna range and traditional, authentic foodstuffs under the Slow Food label. Lastly, the well balanced products sold under the JaMaDu label are reaching the target group of children and young families.

### SUSTAINABILITY

#### Added product value and information

Besides price and diversity, the sustainability of its offering is also important to Coop. It recognized the need for organically produced food early on - the first major retailer to do so. In 2007, its overall sales of organic products amounted to 664 million francs, 8 % more than in the previous year. And it stocks the world's largest selection of fair-trade textiles made from organic cotton. Far from being a contradiction of attractiveness, sustainability is being increasingly associated with concepts such as lifestyle and enjoyment. Coop wants to address customers who not only value the ecological, social and ethical added value of products, but also attach importance to enjoyment or fashionable appearance. Credibility and transparency as well as added product value are important to Coop, for instance in the context of climate protection. Since September 2007, it has therefore been labelling airfreighted products and offsetting the CO<sub>2</sub> emissions caused by these air transports.

## ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE FLAGSHIP LABELS

### Gratifying growth rate of Coop Naturaplan

Sales of Coop Naturaplan - now an organics-only label - amounted to 600 million francs in 2007. Compared with Coop Naturaplan's "green line" in the previous year, this is an increase of 7 %, indicating a clear rise in the consumption of organic products after two years of stagnating sales. Pasteurized and low-fat milk sourced from twelve different regions and sold under the "Regional organic specialities" label was very successful. As part of a campaign run in cooperation with Bio Suisse, dairy farmers personally provided customers with an opportunity to sample their organic milk and cheese at some 200 supermarkets. In September of the year under review, Coop launched the first nine modern, organic products that correspond to the new LOHAS (Lifestyle of Health and Sustainability) consumer trend - among them the first probiotic yoghurt drinks in organic quality.

#### **Better communication with Coop Naturafarm**

In April 2007, Coop launched eggs and meat from humane animal husbandry (Coop Naturaplan's former "blue line") under the new Naturafarm label. The offering is more transparent and the specific added value such as Swiss production, access to range, inspection by independent bodies and GMO-free feed is communicated more effectively. Coop Naturafarm posted sales of 454 million francs, which, as an adjusted comparison shows, is close to the year-back figure. Natura Beef was very popular, with demand sometimes exceeding supply. There was a further rise in sales of Naturafarm eggs. For the second time after 2005, Coop was awarded the title of "Swiss Champion" by the Swiss animal-welfare organization STS, above all for its systematic guidelines and the high share of sales accounted for by Coop Naturafarm.

#### Coop Naturaline – an idea goes international

Sales of Coop Naturaline products amounted to 64 million francs in 2007, 12 % up on the year-back figure. Textiles articles from organic production and fair trade were particularly successful, with sales of 62 million francs 13 % up on the previous year. The particularly strong growth in Coop City department stores was due in part to the expansion of Naturaline gymwear and nightwear. Naturaline's success story is taking on an international dimension: Naturaline clothing has been available in Finland's SOKOS chain of department stores since autumn 2007, and the French Coopernic partner E.Leclerc wants to include Naturaline textiles in its range in future. Sales of Coop Naturaline's cosmetics fell 7 %. The packaging and recipes of Naturaline cosmetics are to be overhauled in 2008.

# Coop Oecoplan focuses systematically on recycled paper

After two years of stagnation Coop Oecoplan again raised sales by 9 % to 103 million francs. Wood products for use in the garden and building work posted very good sales. New products were responsible for very satisfactory growth of Oecoplan sales, particularly in the Building & Hobby centres. In contrast to its standard paper range, which largely comprises FSC paper from sustainably managed forests, the Oecoplan range relies entirely on recycled paper and therefore does not require forests to be cleared for it. Coop Oecoplan's environmentally friendly textilecleaning operations in supermarkets and department stores are becoming increasingly widely known, resulting in steadily growing sales.

#### New logo for Max Havelaar

Sales of the Max Havelaar label improved by 3 % to 129 million francs in 2007. Leader products such as bananas and roses showed little change on the previous year – though at an already very high sales level. Higher growth – though at a low level in terms of volume – was posted by new items such as multivitamin juice or dried fruit. At the end of 2007, Coop added 70 Max Havelaar products to the range, 20 of them bearing the Bio Suisse bud label. As of March 2008, Max Havelaar products will carry the new, internationally uniform fair-trade logo.

#### Twenty-five years of ProSpecieRara

ProSpecieRara products – ancient varieties and breeds that have been rediscovered – continue to be very popular. Despite very unfavourable growing conditions, sales rose substantially in the year under review. Because of the wet summer there were shortfalls in, for instance, the potato harvest. Coop implemented a new packaging concept for fruit and vegetables by combining data on the variety of the product, a recipe and information about ProSpecieRara in a leaflet affixed to the packaging. Coop's many sponsorship activities on behalf of ProSpecieRara included support for the celebrations in Berne to mark the organization's 25th anniversary. Coop also published a series of articles in the Coop member press throughout the anniversary year.

#### Slow Food -

#### a new culinary culture

In February 2007, Coop launched the first Slow Food products in approximately 100 supermarkets. The name "Slow Food" stands for specialities of the highest culinary quality produced in accordance with traditional artisan methods in small-scale operations. Slow Food specialities - many of them seasonal - arrive on the shelves in their original packaging, which features information on their origin, production methods and history. Coop has formed a long-term partnership with Slow Food Switzerland. Slow Food is an international non-profit organization set up to rediscover forgotten flavours and to preserve traditional regional products, natural production methods and customs passed down over generations. The keywords of the Slow Food philosophy are "good", "clean" and "fair". Worldwide, there are some 300 Slow Food "presidia", groups that are each devoted to preserving a particular artisan food. With help from Coop, three such groups have already been set up in Switzerland. With some 70 such products now in its offering, most of them seasonal, Coop is demonstrating its commitment to sustainable, yet tasty, food.

#### Pro Montagna –

### products from Swiss mountain regions

Coop has been selling food products from Swiss mountain regions under the Pro Montagna label since February 2006. The items now number some 60 and consist primarily of dairy produce, bread, cheese, meat, pasta, tea and wine. They have to be produced and also largely processed in mountain regions. Coop's aim is for Swiss mountain regions to retain the added value they create: traditional processing activities such as mountain- and Alpine cheese-making and family-run artisanal and other small businesses should be maintained and jobs secured. For every Pro Montagna product sold, a specific sum goes to Coop Sponsorship for Mountain Regions, which supports the infrastructure of small mountain farms. In 2007, Coop passed on about 350,000 francs to such projects. 2008 will see further expansion of the Pro Montagna range, including wood products.

## HEALTH AND CONVENIENCE FLAGSHIP LABELS

## Coop Weight Watchers products for the everyday diet

In 2007, Coop expanded the Weight Watchers range of low-sugar, low-fat, low-calorie products by a further 80 to the present number of some 340. The range posted sales of 130 million francs, 8% more than in the previous year. The Coop Weight Watchers range is now largely complete and covers all the product groups featuring in the everyday diet. Coop will pursue its cooperation with Weight Watchers, which offers the world's most successful weight-loss and weight-maintenance programme.

### New fruit and vegetable juices from Betty Bossi

The fresh convenience products developed jointly by Coop and Betty Bossi benefited in the year under review from the continuing demand for uncomplicated meals with products that are either ready to eat or can be prepared rapidly. The approximately 650 products of the Betty Bossi range therefore increased sales by a further 6 % to 435 million francs. Alongside new high-quality, balanced, ready-made meals, Betty Bossi also launched fruit and vegetable shots, a new functional-food item: a small bottle of these fruit and vegetable juices each corresponds to a portion of the recommended five-a-day fruit and vegetables.

#### **BRANDED ARTICLES**

#### Largest range of branded articles

Coop continues to be the most important partner of the Swiss branded-article industry. It generates about 45% of its sales with branded articles, offering the biggest all-round range and the most attractive brand mix – for many consumers a reason itself to shop at Coop. Coop provides standard brands in the medium price segment and premium brands in the highest price segment with good opportunities for clear positioning and it regularly reviews all ranges to identify any potential for new and innovative branded articles.

### Jamie Oliver in Switzerland with Coop

Food products from cult chef Jamie Oliver have been on sale in Coop City department stores and just under 100 Coop supermarkets since March 2007. With his unconventional style of cooking and his astonishingly simple recipes, the young Briton has brought a breath of fresh air to the kitchen. His philosophy of stressing the value of natural ingredients and sustainably produced products fits in perfectly with Coop's offering. The Coop range of Jamie Oliver items (which is the biggest anywhere) comprises 35 food products such as antipasti, oils, sauces and spices and 25 cult-status kitchen utensils – from chopping boards and pestles & mortars to salt and pepper-mills. In April 2007, Jamie Oliver visited Switzerland and cooked in person at Sihlcity shopping centre in Zurich.

#### **OWN BRANDS**

#### New look with «Qualité et Prix»

The Coop own brand label, which can be recognized by the Coop logo on a square, black background, offers branded-article quality at low prices. Since the beginning of 2007, the over 5,000 products have gradually been given a new, uniform packaging carrying the claim "Qualité et Prix" (quality and price). The new look improves transparency and ensures better positioning of the Coop own brand in the medium price segment. Moreover, food profiles containing information on the nutritional value of the product per portion are being systematically added to the new packaging.

#### Successful Coop own brands

In addition to the Coop own brand, the range offers a wide selection of Coop lines that satisfy different needs, for instance "My Baby". Since 2007, five different sizes of nappies have been sold under this label – in branded-article quality but at own-brand prices. In spring 2007, Coop City department stores introduced the Coop ladieswear brand "nulu", which offers a wide choice of business and casual coordinates. An accessory line will be launched under the same label in autumn.

#### Additions to the Prix Garantie label

Coop added to its Prix Garantie bargain-price label in 2007. The label now covers all areas of everyday needs and offers cost-conscious consumers good-quality products at extremely low prices. Prix Garantie ensures Coop's price parity with its main competitor: no product is more expensive than its counterpart offered by the competitor. Prix Garantie posted sales of 346 million francs in the year under review, 5 % less than in the previous year.

#### New design line for Fine Food

Along with the improvement in consumer sentiment and the greater quality awareness of the last few years, there has also been an increase in the demand for specialities with high culinary value – a trend to which Coop's Fine Food label is a perfect response. In 2007, the number of Fine Food products was again substantially increased and is now about 350. Fine Food was therefore able to increase its sales to 72 million francs – up 80 % on the previous year. In 2007, the food products sold under this label were supplemented by a selection of kitchen appliances, glasses, crockery and cutlery. These products, too, stand out clearly from other ranges in terms of quality, functionality and design. Both the design line and the food products of Fine Food will be added to in 2008.

### Free From for people with food allergies

Coop expanded Free From, the label for people who suffer from lactose or gluten intolerance or a food allergy, to 50 products in the year under review. They include 27 gluten-free products from DS, Dietary Specials, the European market leader in this segment. Besides lactose-free foodstuffs, the 23 Coop items now include products such as seasonings and celeryfree bouillon, egg-free mayonnaise or mustard-free salad dressing that are geared to specific food allergies. The gluten-free beer sold under the Free From label is also a new development from one of Coop's business partners.

#### Délicorn now with Valess products

In the year under review, Coop added six products from the Valess brand to the Délicorn vegetarian line's previous 26 items based on soya, wheat and other cereals. The Valess products are made with condensed fresh milk enriched by the addition of dietary fibre, herbs and spices. They contain high levels of iron and vitamin B, but very little fat. The Valess items also carry the European V-label for vegetarian products. Further products will be added to both the traditional Délicorn range and the Valess range in 2008.

## JaMaDu – for children with lots to look forward to

In April 2007, Coop launched its JaMaDu label, which is geared specifically to the needs of children aged four to nine. The label's emblem is JaMaDu, the small ruffed lemur that embellishes all packaging. The products are designed not only to be fun for the children but to be well balanced as well. Though in-house and external nutrition experts are involved in developing the products, they are selected primarily by the JaMaDu jury made up of children and parents. Besides participating in the development of the products, the jury also played a crucial role in designing the logo and packaging. Starting with 22 products, the range grew to around 40 in the course of the year under review. They include dairy products such as a strawberry drink or mozzarella sticks, fresh produce such as salads, bananas or vegetable sticks, drinks such as a herbal tea or fruit juices and breakfast items such as fruit buns and oat flakes. Coop will further expand the range, supplementing the food items with hygiene articles, toys and textile products. JaMaDu strengthens the offering for young families and children and underscores Coop's commitment to encouraging more physical activity and a balanced diet.

### SERVICES

## Paying with Superpoints at Coop City department stores

In 2007, approximately 2.5 million users of Coop Supercard claimed points to the value of 150 million francs for bonus gifts, a good 25 % up on the previous year. This enormous increase is due to the fact that customers can now pay for non-food products at Coop City department stores entirely or in part with Superpoints – and very many of them do. Some 15 % of nonfood sales at the department stores are paid for with Superpoints. Coop Supercard is still the largest customer loyalty programme in Switzerland. Superpoints were earned on 76 % of all purchases at Coop supermarkets.

### Over 200,000 users of Supercard plus

In June 2006, Coop and its partner Swisscard AECS AG launched the first Swiss credit card that did not require an annual fee. The 200,000th card was issued just one year later. By the end of 2007 there were more than 215,000 holders of "Supercard plus", making it far and away the leader in Switzerland's free credit card market. Tests conducted by the price comparison website www.comparis.com have shown that the "Supercard plus Mastercard" is the credit card with the lowest costs. It has the advantage that it earns Superpoints not only at Coop but on any purchase made with it anywhere in the world. In addition, "Supercard plus" with PIN code makes many payment processes considerably quicker and more reliable. Coop's mediumterm target for "Supercard plus" is 400,000 holders.

### Good first year for ITS Coop Travel

ITS Coop Travel, the travel agency set up by Coop and REWE Touristik for phone and online bookings, has got off to a good start and achieved its targets: in its first year of business the tour operator posted sales of 35 million francs and sent some 30,000 customers off on their travels. The most popular destinations included Greece, the Canary Islands and Egypt. ITS Coop Travel is expanding and anticipates sales of some 60 million francs in 2008. Besides the catalogue of traditional beach holiday packages that is available at some 1,000 Coop sales outlets, since autumn 2007 it has also been offering a catalogue of hotels and apartments for visitors travelling on their own in Switzerland, Italy and Germany or to various European cities. In cooperation with WWF, ITS Coop Travel now also enables all air travellers to offset the CO2 emissions of their flight with a contribution to a carbon-reducing project.

## Strategic partnership with SWISS

Coop and SWISS have implemented a series of joint activities in the context of a strategic partnership. In the first half of 2007, for instance, customers acquired over 500 million miles for the Miles&More frequent-flyer programme, either as Supercard bonus gifts or as Coop Travel Trophy products. And in November 2007, Coop City department stores sold low-price SWISS tickets for a wide range of destinations in Europe and North America. As of 2008, all communications relating to offers for flights and frequent flyer miles will include a reference to the possibility of voluntarily offsetting the  $CO_2$  emissions of flights.

## CoopMobile with new postpaid offer

CoopMobile, the prepaid Prix Garantie offer in mobile telephony, already had 270,000 customers at the end of 2007 – an increase of almost 60 % year-on-year.

To stay competitive in the very lively prepaid market, CoopMobile adapted its rates several times to competitors' new offers in 2007. Some 20% of all rechargeable credit is paid for with Superpoints. Bills for CoopMobile Friends, the new postpaid offer launched in November 2007, can also be paid for with Superpoints. The offer enables a group of five people to phone one another at the low rate of 5 centimes a minute.

### Small card, great pleasure

Coop launched an electronic gift voucher card in November 2007. It is available in different formats and for different values and can be recharged on Coop's website. It has gone down very well with customers: gift cards worth some 14 million francs were sold between November and the end of 2007.

#### **Coop and Pro Senectute team up**

Coop has entered into a long-term partnership with the Pro Senectute organization for the elderly. It thus intends to gear its products and services increasingly to senior citizens' needs. The partnership will feature joint projects on the topic of "Health in the elderly", for instance the production of a series of books offering advice on various topics. In June 2007, Coop launched an initial campaign to finance these projects; it featured nostalgic original packaging of traditional products. Ten percent of the sales proceeds went to Pro Senectute.

#### **INFORMATION AND MEDIA**

#### **Revamp for**

#### **Coop member press**

In August 2007, the Coop member press, whose over 3.3 million readers make it Switzerland's most widely read weekly, was given a new look. This makes it easier for readers to find what they are looking for, and the content is now closer to the shopping universe of Coop's customers. According to market surveys of readers, the five sections "food & drink", "homestyle & enjoyment", "buy & benefit", "children & family" and "leisure & entertainment" are going down well with the public, particularly among younger readers and the older generation. The Coop member press has also expanded its website content in order to attract new reader groups. With the interactive project "Handy Safari" for children and parents on holiday, the Coop member press, together with Switzerland Tourism and family-certified tourist regions of Switzerland, were awarded the "Milestone 2007" tourism prize. Since the beginning of 2008, the Coop member press has been printed in Berne by the Espace Media Group, as well as in Basel, St. Gallen, Adligenswil and Renens. This increases production reliability and, thanks to short transport routes, has ecological benefits as well.

#### Online added value

Coop's website, www.coop.ch, was visited some 16 million times in 2007, making it one of the most popular in Switzerland and the most successful in the retail sector. The focal points in the year under review were the development of the wide-ranging children's portal to the JaMaDu label and the launch of the Online Coach and the Family Coach. www.coop.ch ensures that Coop offers customers topical added value.

## More queries for the Coop Consumer Service

More queries were submitted to the Coop Consumer Service in 2007, largely as a result of new offers in the permanent range and special campaigns. The Consumer Service again handled 16 % more questions and concerns than in the previous year, with the total in 2007 amounting to some 140,000. Customer connections provide the basis for improving products and services, or instance, a soya drink and gluten-free toast were restored to the range. In response to feedback from older customers, more seating facilities are now being offered in Coop stores. A trial of shopping trolleys equipped with magnifying glasses initiated in the Ostschweiz Sales Region will be extended to the whole of Switzerland in 2008.







## MY OWN EXPERIENCE OF COOP: LORIS BRAUN, SCHOOLBOY, DÜBENDORF

Sitting still isn't really his thing. Loris Braun is happiest when he's swimming, running or doing cartwheels. Sometimes he solves sudokus or plays games on the JaMaDu website for children. But on 29 August 2007 Loris Braun did something quite special: he rated new Coop products as a member of the JaMaDu children's jury. He wasn't nervous about it.

























## I WAS REALLY NERVOUS THE FIRST TIME I WAS ON THE JAMADU CHILDREN'S JURY, BUT NOT ANY MORE. I KNOW HOW IT WORKS NOW.

- My name is Loris and I'm in the third grade. My favourite sport is swimming. I go three times a week. Not in Dübendorf, but at the swimming club in Uster. I couldn't go last time because I had a stomach ache. I'm in the Kids A class now, but I want to be a professional. One of the top swimmers. I've already won four medals. Three silver and one bronze. I'd really like a gold medal. My favourite food is pizza. The food I hate most is fish. It feels so weird when you bite into it. Scampi, for instance. And it doesn't smell good at all.
- I was really nervous the first time I was on the JaMaDu children's jury, but not any more. I know how it works now. We played games. With chairs, for example. We all had to run around and then when Marcel clapped his hands we had to find a chair to sit on. Marcel's the group leader. Every time this happened, there was one chair less. In the end Stefanie won. There were meat products spread out on the floor. We had to place the healthy ones on one side and the unhealthy ones on the other.
- We had a vote to say what we would eat. Marcel showed us meat products. If it was one we would eat, we had to make the thumbs-up sign. If we thought something was «yucky», we had to make the thumbs-down sign. We could also say neither yes nor no. There was a microphone and a camera in the room. I think the grown-ups watch what we're doing on television. Are we going home now? Because I'm hungry. But I'd like to do it again another time. Maybe I'll be the most photographed child again then too.

## SALES FORMATS

## EXPANDED RANGE AND SERVICES FOR URBAN AND RURAL AREAS - AND FOR THE HOME

## SALES OUTLETS: RETAIL

# First Coop supermarket with Minergie label

The core business of the Coop Group is the 803 supermarkets and megastores it operates throughout Switzerland. In

2007, they increased their sales by 4.7 % to 10.27 billion francs. Fifteen new supermarkets were opened and the same number closed in the year under review. The sales area grew by a modest 0.6% to 854,362 m<sup>2</sup>. There are Coop supermarkets in all parts of Switzerland. A new one opened on Bettmeralp in the Upper Valais - at 1,900 metres above sea level. Since March 2007, there has been a Coop supermarket in the Sihlcity shopping centre - the diverse range of businesses in this shopping centre, with its mix of retail, culture, spa facilities and residences, virtually make it a new district in the city of Zurich. In Schönenwerd in December 2007, Coop opened the first supermarket to be certified to the demanding Minergie standard. In future, all new supermarkets will be built to this lowenergy standard.

## passabene in the whole of Switzerland

Coop was the first retailer to equip a number of supermarkets with passabene, the first self-scanning system. The initial pilot tests in 2006 went down very well: the system makes it easier for customers to keep track

Coop has ideally expanded its range by acquiring Christ Watches & Jewellery and Dipl. Ing. Fust AG. Coop City department stores are targeting new customers and the popularity of shopping from home is growing steadily.

> of prices while doing their shopping and shortens queues at the check-out desk because the items do not have to be scanned again. Following consumer feedback, Coop introduced a new, more practical scanner at the end of November. In summer 2007, the selfscanning system was extended in the sales regions with further pilot tests being launched in Montagny, Berne Wankdorf, Egerkingen, Zurich Letzipark and Arbon. By the end of the year, 26 sales outlets had already been equipped with passabene. The system will be available in a total of 74 large supermarkets throughout Switzerland by mid-2008.

#### Sustainable gastronomy in Coop Restaurants

Like Coop's supermarkets, the 189 Coop restaurants also aim for sustainability in their offering to the approximately 80,000 customers they cater for every day. Besides freshness and flavour, they also focus on the origin of the foodstuffs: each day, for instance, at least one organic vegetable is on the menu, while all veal is organic, and beef and pork stem from the humane animal husbandry of the Coop Naturafarm label. Coop restaurants also offer coffee and fresh juices from Max Havelaar. The JaMaDu buffet for children is a new feature that was launched in 2007.

#### **ONLINE SHOPPING**

### coop@home now delivers flowers as well

The online shop coop@home posted sales of 47 million francs in 2007, 16 % up on the year-back figure. Orders totalling 220,000 and averaging about 210 francs in value were delivered. Following the introduction of new delivery terms including a minimum order value, a scale of delivery charges and a reward for regular orders, the number of online orders decreased slightly, but the average value of each order rose considerably. Topping up of prepaid credit for Coop Mobile and all other telephony providers is an added feature, and the new Coop Mobile postpaid subscription is available exclusively from coop@home (besides Interdiscount). Since October 2007, the online shopping service has been delivering a range of flower bouquets and arrangements straight to the customer's front door by post. Books published by the Coop member press with its list of 500 titles can also now be ordered from coop@home. The wine offers available online continue to enjoy great popularity.

#### SALES OUTLETS: TRADING

#### **Gratifying rise in sales for Coop City**

Thanks to a marked rise in customer numbers compared with the previous year, Coop's department stores raised sales by 7.4 % to 1.01 billion francs. Coop City thus grew much faster than the market as a whole, further increased its market share and consolidated its position as the number two in the department-store segment. The streamlining of locations was completed with the closure of two former EPA stores, Zurich Sihlporte and Lausanne Métropole. In March 2007, Coop City opened its department store in the new Sihlcity shopping centre in Zurich. It now operates 33 department stores in Switzerland, and its medium-term goal of 40 is unchanged. Customer management and merchandise presentation were overhauled in ten of its department stores. Naturaline Shops in the fashion departments were all revamped and all the stores now also feature a Naturaline Shop in the home textiles department. Since May 2007, customers in the non-food departments of Coop City department stores can pay with Coop Superpoints. And they make use of the option: some 15 % of nonfood sales are paid for with Superpoints.

### New, nationwide service at Coop Building & Hobby

The 68 Coop Building & Hobby centres increased sales by 6.7 % to 685 million francs in the year under review. Coop Building & Hobby is therefore still the market leader in Switzerland. It opened its largest centre to date in March 2007, at the Lyssach shopping mall for specialist outlets. With its 9,000 or so m<sup>2</sup> of floor space, this store is designed according to an entirely new concept, with three different experience universes and an integrated food department. In 2007, Coop Building & Hobby extended the range of wood products obtained from sustainable clearing practices and bearing the FSC label, while the Prix Garantie line was expanded by 20 to some 150 articles. In cooperation with die-hausprofis.ch, Coop Building & Hobby also offers a new, nationwide service: it acts as a gobetween for regionally-based craftsmen and customers who buy material for renovation work.

## Professional skills a success factor at Interdiscount

Interdiscount increased its sales by 9.6 % to 996 million francs in 2007. Interdiscount's strategy combines low discount prices with professional advice. To this end, it has systematically expanded the training of its sales advisors in the areas of professional skills and friendliness. In addition, closer cooperation with its most important business partners will secure it the necessary know-how for training as well as access to new products. After opening 13 stores and closing down 6, Switzerland's biggest consumer electronics provider now operates over 185 stores, including 13 Interdiscount XXL stores with a sales area of up to 4,000 m<sup>2</sup>.

### Further rise in sales at Toptip and Lumimart

After the previous year's downturn, Toptip and Lumimart sales outlets were able to increase sales in 2007 by 9.3 % to 262 million francs. This positive result is due not only to the good economic situation but also to successful implementation of the sales-outlet concept. There was further streamlining of locations in the year under review: besides four closures, four new Toptip stores opened in Lyssach, Spreitenbach, Neuchâtel and Matran and a new Lumimart store in Brig. Toptip and Lumimart now operate 60 stores in Switzerland.

#### **IMPORT PARFUMERIE – new look for stores**

The 96 Import Parfumerie stores together increased sales by 4.7 % to 155 million francs in the year under review. One store closed and four new ones opened. Import Parfumerie began implementing its new store concept; after extensive refurbishment 25 stores can now boast a new look. A further 20 or so stores will be remodelled in 2008. Import Parfumerie operates a very successful online shop, which further increased its sales in the year under review.

## Coop Vitality Pharmacies –

## a good result in a changing market

Four new Coop Vitality pharmacies opened in the year under review – for instance in the Sihlcity Zurich and Perry Center Oftringen shopping centres. The 25 pharmacies together raised sales by 37.4 % to 66 million francs – a very good result despite price cuts and the increased prescription of low-cost generics. Coop Vitality pharmacies, a partnership between Coop and GaleniCare, therefore had a good year in an environment marked by keen competition, further price cuts and an acute shortage of pharmacists.

## Successful integration of CHRIST Watches & Jewellery

The jeweller CHRIST Watches & Jewellery was successfully integrated into the Coop Group on 1 January 2007. In its first year as a division of Coop, Christ raised the number of its stores from 78 to 84 and increased sales by 13.5 % to 108 million francs. New Christ outlets in Lausanne, Fribourg and Zug were integrated into Coop City department stores. Stand-alone stores were opened in Winterthur, Langenthal and Sihlcity Zurich. The headquarters and the distribution centre were relocated from Zurich to the new head office of Import Parfumerie and Christ in Winterthur in summer 2007. As of 2008, all Christ employees are included in the Coop collective employment agreement.

#### Good start for Dipl. Ing. Fust AG

With the acquisition of Dipl. Ing. Fust AG, which was approved by the Competition Commission in November 2007, Coop is now the leader in the market for electrical household appliances. Dipl. Ing. Fust AG is the largest Swiss provider of equipment for refrigeration, washing and cooking. It also rounds off Coop's position in the field of consumer electronics. The 152 stores with a sales area of 77,836 m<sup>2</sup> and 1,953 employees will continue operations, focusing strategically on advice and service. After being taken over by Coop, Dipl. Ing. Fust AG benefited in December 2007 from very good festive-season business and posted sales of 102 million francs.

#### PETROL STATIONS AND CONVENIENCE SHOPS

## Coop Mineraloel petrol stations are the number two in Switzerland

Coop Mineraloel AG operates Coop Petrol Stations, Coop Pronto Shops and the heating-oil business. Sales rose 14.8 % year-on-year to 1.66 billion francs. The 163 Coop petrol stations – 16 opened in 2007 – posted sales of 1.16 billion francs, 18.4 % more than in the previous year. Against a backdrop of keen competition and rising crude oil prices, market share rose by 1.6 percentage points, making Coop Petrol Stations the number two in the Swiss market. With its new website, www.coop-heizoel.ch, Coop Mineraloel AG responded to the growing popularity of convenient online ordering of heating oil and profiled itself as a consistently less expensive provider.

#### **Pronto Shops sell Fine Food products**

The market for convenience food in Switzerland is continuing to flourish. This trend also benefited Coop Pronto convenience shops at petrol stations and busy inner-city locations. Twenty-one Pronto Shops - 15 of them at a petrol station - opened in the year under review. The 189 shops together raised sales to 470 million francs, 22.3% up on the year-back figure. Attractive price markdowns were also available in 2007 on the Pronto Shops range, which includes branded articles and Coop own brands. Selected items from the Fine Food line are also now available in the larger Pronto Shops. The range of fresh products, including baked goods, fruit, vegetables and fresh convenience food, will be further expanded in 2008. 23 new Pronto Shops - with and without petrol stations - are scheduled to open in 2008. In addition, refurbishments and extensions in the existing network of shops will strengthen Coop Pronto's market presence.

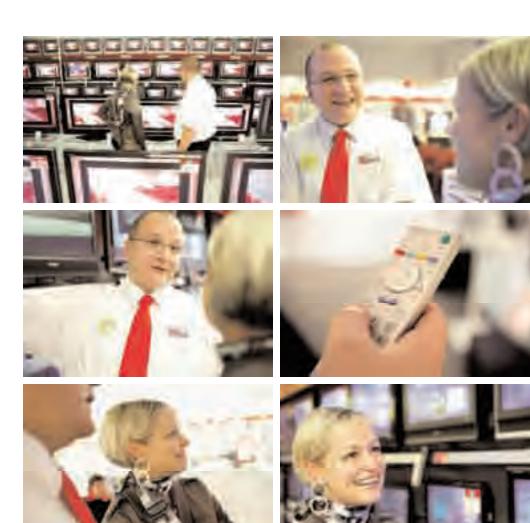
#### **CASH & CARRY AND FOOD SERVICE**

### TransGourmet is optimizing business processes in France

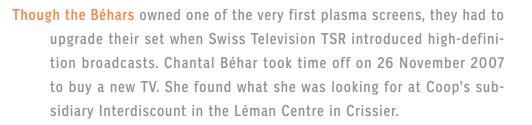
Transgourmet, the Coop / REWE Group joint venture, is a leader in the bulk-buying business in both France and Switzerland. Posting 7 % growth in 22 centres throughout Switzerland in 2007, sales of the Cash & Carry Division exceeded the one billion franc mark and the division is continuing to grow. The Food Service Division, which is represented in Switzerland by Howeg and in France by – among others – Aldis Service Plus and Prodirest, is undergoing restructuring. It raised sales by over 4 % on the previous year's figure. These now amount to about 400 million francs in Switzerland and about 1.1 billion euros in France. The profitability of the division is being boosted by targeted investment in the infrastructure and systematic optimization of business processes.







## MY OWN EXPERIENCE OF COOP: CHANTAL BÉHAR, PR CONSULTANT, LAUSANNE



























## FOR ME, WATCHING TELEVISION MEANS TOTAL RELAXATION. THE CULT SERIES I REALLY ENJOY ARE "DESPERATE HOUSEWIVES", "C.S.I." AND "LOST".

- As a family, we've got a good feel for technology. My husband is employed by a multinational software company and I worked for a long time for the computer manufacturer Compaq. That's where Luca and I met. I think it's great when couples get to know each other at work. You already have some experience of how you function as a team. We've got two kids. My husband works full-time, and I work half-days as a PR consultant. We couldn't cope if we didn't both pull our weight.
- The new TV has not been bought for the European football championships. I think televised sport is awful. I just have to see a green pitch on the screen and I lose the will to live. Sport has to be watched live or not at all. All the energy gets lost on the screen. For me, watching TV means total relaxation. The cult series I really enjoy are "Desperate Housewives", "C.S.I." and "Lost". When I was a child, the TV was often on at home. My parents were part of the first TV generation and I grew up with it. That's probably why I have a different attitude to it from my parents. When I'm home with my husband and kids, I don't want to have the TV on. And my two sons aren't allowed more than half an hour of television a day.
- The advice has been excellent here which I hadn't really expected. I came here because the Léman Centre is on my way and, of course, because of Interdiscount's low prices. We've been told here that our old screen is too big. The salesman says we shouldn't have to move our eyes when watching television. I can't wait to see whether that makes a difference. The salesman has also put me on to the trick with the antenna. That's great, because I want my kids to watch television only when I'm at home.

## EMPLOYEES

## NEW EMPLOYMENT AGREEMENT, EVEN MORE ATTRACTIVE BENEFITS AND MORE TRAINEESHIPS

### SOCIAL PARTNERSHIP

## New employment

**agreement and pay rises** At the end of 2007, the Coop Group employed 48,200 people, 6.1 % more than twelve months earlier. Factoring out Coop employees benefit from more attractive wages and more holidays under the new collective employment agreement. Coop's training concept has also been overhauled. The number of traineeships has risen further – and will be kept at a high level.

the employees of Dipl. Ing. Fust AG, Coop's headcount increased by 1.8 %. In October 2007, Coop signed a new collective employment agreement for the next three years with the its contractual partners Unia (trade union), KV Schweiz (Swiss commercial association), Syna / OCST (trade union) and VdAC (Association of Salaried Employees of Coop). The main new features are one week's paternity leave, and eight weeks of paid leave for employees aged over 63. In addition, reference wages have been increased across the board by 100 francs. The minimum wage is now 3,700 francs for employees who have completed a certified two-year traineeship, 3,900 francs for those with three year's training and 4,100 francs for those with four years' training. Coop's total payroll will increase by 2.5 % in 2008. Employees with a gross monthly wage of less than 4,000 francs - these include many female staff have been awarded an additional 100 francs a month. Of the overall payroll increase, 0.5 % has been earmarked specifically for improvements in female employees' pay. Coop is continuing the programme it started in 2007 under which it helps single-parent

employees meet the costs of child care. Furthermore, in January 2008 all staff received a gift voucher worth 200 to 500 francs, depending on whether they were in full or part-time employment, as a token of appreciation for their dedication and by way of participation in the company's success.

#### **TRAINING AND CORPORATE CULTURE**

### Forty percent more trainees since 2004

Coop has further increased the number of traineeships. Coop employed 2,728 trainees at the end of 2007, 405 more than in the previous year and over 40% more than in 2004. Trainees thus account for almost 6% of the overall headcount. A large proportion of them are completing the new basic sales traineeship, which prepares them either for a position as a retail assistant (after a certified two-year course of training) or a retail specialist (after three years of training). For the first time, 14 sales trainees are also working towards a baccalaureate-level vocational certificate. Coop hopes to raise this number in the near future. Coop attaches great importance to fostering potential successors from among its workforce and goes on to employ over 60 % of its trainees within the Coop Group – in the IT and technical fields as well as in sales – after they qualify. For young people whose school performance does not, or at least not yet, permit a certified two-year traineeship, Coop offers approximately 120 one-year internships that make it easier for them to integrate into working life.

### New strategy for needs-oriented training

In the year under review, Coop implemented a new training strategy for the 2007–2010 period. The strategy lays down guidelines on staff, management and organizational development. Greater emphasis will be placed on needs, i.e. the training will be more individual and job-specific. Tools such as internships, benchmarks, exchange programmes, changes of branch and group coaching sessions will increase the importance of "learning from one another", thereby enabling staff to think and act in terms of the larger context and promoting a customer-focused, service mentality. And a lot of weight will be attached to the systematic encouragement of potential successors and to management training of staff with supervisory functions.

#### Age and ageing become a critical issue

The ageing of our society means that Coop, too, can expect to see a rise of over five years in the average age of its workforce in the next ten years. At the same time, it will become increasingly difficult to recruit young staff. Knowing how to benefit from older employees' potential will become a success factor. Coop therefore launched its "50+" project in the year under review. Measures and concepts are being drawn up to maintain the performance capabilities of older employees for as long as possible. Coop will also take action to counteract the drain of strategic know-how and experience away from the Group.

#### **PENSION FUND**

#### CPV/CAP-

#### results affected by actuarial changes

Despite a difficult year for investment, the CPV/CAP did well in 2007, outperforming the strategic benchmark. The structured, risk-conscious investment strategy of the CPV/CAP paid off. The results for the year were affected by actuarial changes that came into effect on 1 January 2008. The CPV/CAP is lowering the actuarial interest rate from 4% to 3.5%, along with a corresponding lowering of the conversion rate. To prevent greater losses of benefits for insured active members at the end of 2007, the 84 or so million francs needed to offset the reduction in the conversion rate will be obtained from existing supplements to payments made on termination of membership of the CPV / CAP and also from Coop. The necessary increase in the capital required to cover current pensions and the technical provisions of some 155 million francs come from the CPV/CAP's fluctuation reserves. In line with the goal of treating insured active members and pensioners equally, the CPV / CAP decided to pay interest of 3.5% on the retirement savings capital of its insured active members. As a result of these measures the reserve ratio, which would otherwise have risen by 1.5 percentage points, fell by 1.3 percentage points to 108.5 %.

# RELIABLE WORK PROCESSES IN SALES AND THE DISTRIBUTION CENTRES, SUCCESSES FOR MANUFACTURING

## LOGISTICS AND IT

### Changes in Zurich

While the inauguration of the Aclens distribution centre in 2006 marked the completion of the structural adaptations required in the other logistics New logistics processes and concentration of facilities in Zurich are making sales outlets and distribution centres more efficient. The Bell Group can look back on a successful year. And Coop's manufacturing companies have grown despite high raw-material costs.

regions, the changes necessary to bring the Zentralschweiz-Zürich region into line with future structures are in full swing. A new distribution centre to replace the former centres in Kriens and Zurich is being built in Dietikon. This concentration will result in savings of about eight million francs a year. After objections had led to delays, building work began in April 2007. Once completed, the Dietikon facility will accommodate a logistics area of about 35,000 m<sup>2</sup> and a workforce of 430. The new distribution centre is scheduled to start operations in May 2008.

# "Pick by Voice" now more reliable and more efficient

The new "Pick by Voice" system is revolutionizing order picking at the distribution centres and helping to make logistics more efficient. The order pickers wear a headset, receive their orders from an electronic voice and confirm the execution of orders over a microphone. They therefore have both hands free and can work more efficiently and reliably. "Pick by Voice" was piloted at the distribution centre in Pratteln in 2006 and then taken over by the Wangen distribution centre and the different logistics regions in the year under review. Coop has done pioneering work in this area – and its success has been twofold: productivity of order picking has grown by over 10 % and the system is attracting interest in the international logistics sector.

# Product availability improved by sales-based ordering

The "Sales-based Ordering" project on which Coop's IT people have been working intensively for three years entered a decisive phase in the year under review. SBO is a POS ordering system driven by consumer purchases which automatically generate re-ordering proposals. It thus provides support for staff and ensures that warehouse stocks are kept as low as possible and that product availability is optimal from the customer's viewpoint. Sales-based ordering has gradually been introduced in a number of food and non-food product segments and in different sales channels. Over 25 % of orders are already being executed with the help of the system.

#### PROPERTY

Projects for 24 locations in the planning phase The Property Business Unit is responsible for Coop's entire property portfolio and, hence, for portfolio management, building management, contract management and project development. A number of property projects were completed in the year under review. A Building & Hobby centre in Lyssach and the Matran Centre opened in March and the supermarket in Thun-Lerchenfeld in June. After a good two and a half years of building work, the grand opening of the megastore at Biel/Bienne railway station took place in September. A new supermarket opened in Biasca in October and the first sales outlet built to the Minergie standard was inaugurated in Schönenwerd at the beginning of December. At the end of 2007, the Property Business Unit was managing 29 nationwide shopping centres, in which other partners are represented besides Coop. Sales outlets are currently being built in Heiden and Muri (AG) and a distribution centre in Dietikon, while a further 24 projects are in the planning phase.

#### **BELL GROUP**

#### Marked growth at Bell AG

The Bell Group posted another very gratifying result in 2007. Sales grew by 9.4 % to 1.64 billion francs. This growth was due particularly to poultry, fish and seafood, and convenience foods. Price hikes due to higher raw-material costs accounted for about 3 % of the increase in sales. Earnings amounted to 57 million francs, about 29 % higher than in the previous year. The consumer environment and developments at the main customer Coop were generally favourable in

2007. Private consumption of meat and meat products increased by about 5 %. In particular, there was a rise in demand for poultry, in some areas to the record level of 2004, following the steep decline in 2006. Investments in the production and packaging of self-service meat products – particularly at the new fresh-meat centre in Oensingen – led to further volume-based growth in this segment.

#### MANUFACTURING COMPANIES

#### Swissmill

Products: flours, flour mixtures, semolina, maize, oat flakes, extruder products, durum wheat semolina Certifications: ISO 9001:2000, ISO 14001, IFS/BRC, SA 8000

Posting sales of 213,000 tonnes, Swissmill – one of the bigger European milling operations – raised its market shares once again. Poor harvests caused rises in the price of raw materials.

#### **Chocolats Halba**

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

Certifications: ISO 9001:2000, ISO 14001, IFS/BRC Thanks to numerous innovations and a new packaging design, Chocolats Halba gained market shares in Switzerland. New export orders will have an impact on sales for 2008.

#### Nutrex

Products: vinegar and vinegar specialities for retailing and industry

ISO 9001:2000, IFS

Thanks to a new order, vinegar production increased by a substantial 75 % to over seven million litres. At the same time, Nutrex outsourced the import and distribution of speciality products.

#### СМК

Products: cosmetics, household cleaning products, industrial cleaners

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

The relaunch of the entire hair-care and styling range was successful. A decline in the sale of sunscreen products due to the bad summer and to higher prices of raw materials had a negative impact on the result.

#### Pasta Gala

Products: pasta, semi-finished products for readymade meals and soups

Certifications: ISO 9001:2000, IFS

Having been streamlined since coming under joint management with Swissmill, Pasta Gala exceeded its earnings targets thanks to cuts in operating costs. Durum wheat shortages led to higher sourcing costs.

#### **Steinfels Cleaning Systems**

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

Certifications: ISO 9001:2000; ISO 14001:2004

SCS further consolidated its position as the leading provider of ecological products for industrial users. Oecoplan products and the Maya eco-line accounted for about 25 % of sales.

## Reismühle Brunnen

Products: rice varieties from all over the world, rice blends, ready-to-cook meals

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

Reismühle Brunnen acquired new sales channels in the year under review. For the third year in succession it was faced with some massive increases in the price of raw materials.

#### Sunray

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

Certifications: ISO 9001:2000, IFS/BRC

Sunray organized the marketing of Coop's dried-fruit range and helped draw up the business plan for spices. Sunray now also supplies transGourmet. Output was 15 % up on the year-back figure.

#### HOTELS

#### **BâleHotels benefit from tourism in Basel**

The BâleHotels Victoria, Baslertor and Mercure Hotel Europe in Basel posted another very good year in 2007. Sales rose 6.3 % on the previous year's figure to 32 million francs, thanks in particular to the continued upward trend in tourism and airport traffic in Basel. Mercure Hotel Europe benefited from its membership of the Accor Group. The Catering Service again supplied major events such as ART Basel or Davidoff Swiss Indoors. Looking forward to the European football championship later this year, BâleHotels anticipate growing demand in 2008.

## CORPORATE GOVERNANCE COOP TAKES TRUST SERIOUSLY

Coop voluntarily applies the provisions of the Swiss Federal Stock Exchange Law and largely follows the guidelines of 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 the company's corporate governance may be found in its annual report and on its website, www.bell.ch.

#### **EXECUTIVE BODIES**

#### **Regional Councils**

See 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

The aim of the report on corporate governance is to provide all those interested with clear and transparent information on Coop as a cooperative society and company.

> 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 RCCs represent the members of the corresponding regions at the Coop Delegate Assembly.

#### **Delegate Assembly**

See 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. The Articles of Association and further information on Coop's governing bodies are available online (at www.coop.ch, under About Coop/Organization, in German, French and Italian only).

#### **GROUP STRUCTURE**

The Group structure can be seen in the list of Coop companies provided in the consolidated financial statements (page 86). The changes in the consolidated Coop companies can be found on page 74. There are no crossholdings between Coop companies.

#### **CAPITAL STRUCTURE**

The capital structure can be seen in the consolidated balance sheet (page 69) and the notes to the consolidated balance sheet (pages 78 - 82).

#### **BOARD OF DIRECTORS**

See Board of Directors and management structure on page 47.

The Board of Directors consists of the six members nominated by the regions and a maximum of five further members – including a representative from French-speaking Switzerland and an employee representative – 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. The Articles of Association limit the number of members to a maximum of eleven. 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 currently 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, Bern (Chairman)
- Bell Holding AG, Basel
- Betty Bossi Verlag AG, Zürich
- Coop Mineraloel AG, Allschwil
- Dipl. Ing. Fust AG, Oberbüren
- further directorships of Coop subsidiaries
- Other functions and offices:
- Board member of ETH Zürich Foundation

### Stefan Baumberger

Born 1948, Swiss Dipl. Chem. HTL Managing Director, Hänseler AG, Herisau Directorships:

- Bell Holding AG, Basel
- Coop Immobilien AG, Bern
- Appenzeller Bahnen AG, Herisau
- Hänseler 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, Bern
- Other functions and offices:
- Vice-president, Swiss Landscape Foundation (FLS)

#### Michela Ferrari-Testa

## Born 1963, Swiss Lawyer and notary Directorships:

- Coop Immobilien AG, Bern
- Helsana AG, Dübendorf
- Helsana Unfall AG, Dübendorf
- Helsana Versicherungen AG, Dübendorf
- Helsana Zusatzversicherungen AG, Dübendorf
- Progrès Assurances SA, La Chaux-de-Fonds
- 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, Bern
- 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, Bern
- Bank Coop AG, Basel
- Other functions and offices:
- Member of the Foundation Board of Juventus Schools, Zürich

### **Beth Krasna**

Born 1953, Swiss and US citizen Dipl. Chem. Ing. ETH Zürich, MBA Sloan School at MIT, Cambridge, USA Directorships:

- Coop Immobilien AG, Bern
- 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, Genève Directorships:
- Coop Immobilien AG, Bern
- Arn, Wüthrich et Frigerio SA, Genève
- Artrivium SA, Genève
- ATC Aviation Services AG, Opfikon
- Citerne Invest SA, Lausanne
- C.M.D. Corporate Management Development SA, Genève
- Coges Corraterie Gestion SA, Genève
- COGIN Compagnie de Gestion Internationale SA, Genève
- Dipan SA, Carouge
- Finasma Financial Asset Management SA, Cologny
- IPE Investors in Private Equity SA, Genève
- Kessler Gestion SA, Genève
- Mirrair Holding AG, Zug
- Publipartner SA, Plan-les-Ouates
- Puig SA, Fribourg
- Sarp Industries (Suisse) SA, Genève
- Schroder & Co. Bank AG, Zürich and Genève
- Tech Value SA, Genève
- Veolia Service à l'environnement Suisse SA, Bern

### **Giusep Valaulta**

- Born 1951, Swiss Lic. iur. Directorship:
- Coop Immobilien AG, Bern

## 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 Art. 27 of the Articles of Association. The term of office for all members is four years. The current term of office ends in spring 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 is self-constituting and has a full-time Chairman. The members assume equal responsibility for exercising the functions of the Board of Directors.

#### **Regulation of responsibilities**

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 of the Articles of Association 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 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 them each year. The full-time Chairman, the members of the Board of Directors, the Chief Executive Officer and the Head of the Finances and Services Business Unit maintain regular contact with the auditors. In particular, they discuss the results of the audit. Furthermore, the work of the auditors and their independence are regularly assessed.

#### **EXECUTIVE COMMITTEE**

## See Management structure and Management on pages 47–49.

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 EC members.

For reasons of health and following a long period of convalescence, Jörg Ackermann, Vice-Chairman of the Executive Committee, resigned from the Executive Committee and the business operations of the Coop Group with effect from 1 April 2008. He is currently exercising a number of mandates on behalf of Coop. The Logistics / IT / Manufacturing Business Unit previously headed by Jörg Ackermann was partially reorganized on 1 July 2007 with the establishment of a separate Logistics Business Unit (headed by Leo Ebneter). In spring 2008, the remaining areas of responsibility - IT, Manufacturing and BâleHotels were integrated into the Presidium of the Executive Committee Business Unit, reporting to August Harder, who was a member of the Executive Committee on an interim basis. Since 1 April 2008, Jürg Peritz has been Vice-Chairman of the Executive Committee, a position he had previously held on an interim basis from August 2006.

The Executive Committee is currently constituted as follows:

#### 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
- Coop-ITS-Travel AG, Wollerau
- Dipl. Ing. Fust AG, Oberbüren
- Palink UAB, Lithuania / Palink SIA, Latvia
- 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, Bern (Chairman)
- Dipl. Ing. Fust AG, Oberbüren (Chairman)
- Further directorships of Coop subsidiaries

#### **Jean-Marc Chapuis**

Born 1954, Swiss

lic. en sciences économiques et sociales Head of Property Business Unit Directorships:

- Various directorships of Coop subsidiaries

#### Leo Ebneter

Born 1954, Swiss Commercial specialist Head of Logistics Business Unit Directorships: none

#### Jürg Peritz

Born 1947, Swiss Commercial specialist Head of Marketing / Purchasing Business Unit Vice-Chairman of the Executive Committee Directorships:

- Eurogroup Far East Ltd., Hongkong (Chairman)
- Coopernic SCRL, Bruxelles
- Coop Switzerland Far East Ltd., Hongkong
- Dipl. Ing. Fust AG, Oberbüren
- Palink UAB, Lithuania/Palink SIA, Latvia
- toomax-x Handelsgesellschaft m.b.H., Köln
- Stiftung bioRe, Rotkreuz

#### Hans Peter Schwarz

#### Born 1950, Swiss

Swiss diploma in accounting and controlling Head of Finances & Services Business Unit Directorships:

- Coop Personalversicherung CPV/CAP, Basel
- Bell Holding AG, Basel
- Coop Mineraloel AG, Allschwil
- Coop Vitality AG, Bern
- Dipl. Ing. Fust AG, Oberbüren
- transGourmet Group, Basel
- Tropenhaus Frutigen AG, Frutigen
- Tropenhaus Wolhusen AG, Gettnau
- Bank Coop AG, Basel
- 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 2007, the Board of Directors of Coop received an aggregate amount of 1.2 million Swiss francs in remuneration (previous year: 1.2 million Swiss francs). The gross salaries of the Executive Committee totalled 4.1 million Swiss francs for seven members in 2007 (2006: 3.5 million Swiss francs for six members). In addition, a performance-related bonus of up to 20% was paid to the Chairman of the Board of Directors and the members of the Executive Committee. 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. 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 2007:

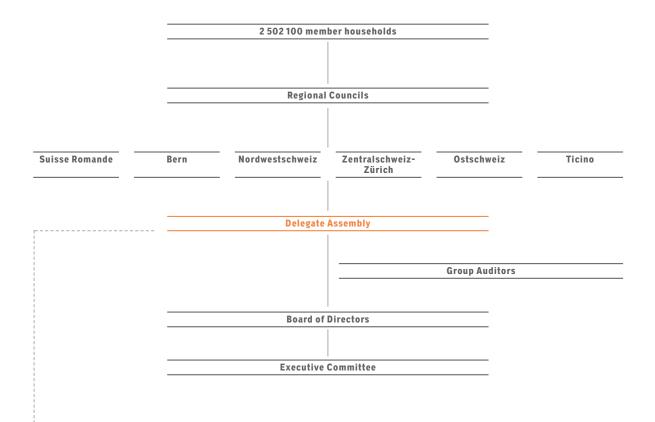
- Auditing services: 1.5 million Swiss francs
- Other services: 1.1 Swiss francs

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

#### **INFORMATION POLICY**

At the beginning of each year the previous year's sales are announced. The annual results conference takes place in February and the Delegate Assembly in April. 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.

## **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	Marco Lucchini
Josiane Mayor	Doris Kelterborn	Luciana Maggetti	Markus Eugster	Josef Hemmi	Gabriella Rossetti
Christine Pasche	Ruth Läderach	Verena Reber	Kurt Feubli	Tarzis Meyerhans	
Jacques Robert	Karl Lauber	Greta Schindler	Ronald Hauser	Suzanne Müller	
Eric Santschy	Martin Schweizer		Hans Kissling	Roberto Pedrini	
Pierre Tissot	Felix Truffer	Peter Schmid	Lillia Rebsamen	Gerhard Riediker	
Georges-Edouard	Pierrette Zumwald	Charles Suter	Otto Rütter	Bruno Stacher	
Vacher Christian Volken	Emil Zurbrügg	Peter Villiger  Jörg Vitelli	lvo Schmid	Martha Veraguth	

## **BOARD OF DIRECTORS AND MANAGEMENT STRUCTURE**

Board of Directors		Stefan Baum	berger Sil	vio Bircher	Anton Felder (Chair	man)
		Michela Ferra	ari-Testa Fel	ix Halmer	lrene Kaufmann (Vice-Chairwoman)	
		Beth Krasna	Jea	an-Charles Roguet	Giusep Valaulta	
Internal Auditing		Franz Kessle Head of Inte	r, rnal Auditing			
<b>Chief Executive Off</b> Hansueli Loosli	ficer					
Members of the Exe	ecutive Committee					
Chief Executive Officer	Retail	Trading	Marketing / Purchasing	Logistics	Finance and Services	Property
Hansueli Loosli	Hansueli Loosli	Rudolf Burger	Jürg Peritz	Leo Ebneter	Hans Peter Schwarz	Jean-Marc Chapuis
	Sales Regions (SRE)	-		Logistics Regions (LRE)		Property Regions (PRE)
General Secretariat Personnel / Training	SRE Suisse Romande	Department Stores Building & Hobby	CCM Fresh Products/ Restaurants	LRE Suisse Romande	Finance Accounting	PRE Suisse Romande
IT / Manufacturing	SRE Bern	Interdiscount Division	CCM Basic Foods /	LRE Bern	Controlling	PRE Bern
Communications / Quality Assurance	SRE Nordwestschweiz	Toptip / Lumimart Division	Beverages CCM	LRE Nordwestschweiz	Security / Services Projects	PRE Nordwestschweiz
	SRE Zentralschweiz- Zürich	IMPORT PARFUMERIE /	Near Food / Hard Goods	LRE Zentralschweiz- Zürich	Finance and Services	PRE Zentralschweiz- Zürich /
	SRE Ostschweiz-Ticino	CHRIST Watches & Jewellery Division	CCM Textiles	LRE Ostschweiz-Ticino		Ostschweiz-Ticino National Shopping
	Total Store	Total Store	Purchasing / Stock Mgt Food	Central Functions for Logistics /		Centres Business
		Coop Mineraloel AG	Purchasing / Stock Mgt Non-food	Bakeries I National Logistics		Management / Controlling
		Coop Vitality AG	Controlling / Systems / Processes	Pratteln /		
		Dipl. Ing. Fust AG	Projects Market Research / Consumer Service / Sales Planning	National Logistics _ Wangen		
			Advertising	_		
			Eurogroup SA	_		
			Eurogroup Far Fast Itd			

Far East Ltd.

#### MANAGEMENT

As at 1 April 2008

### Executive Committee (EC)

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

#### Presidium of the Executive Committee Business Unit

Hansueli Loosli, Chief Executive Officer August Harder, Head of IT / Manufacturing Alfred Hubler, Head of General Secretariat Peter Keller, Head of Personnel / Training Felix Wehrle, Head of Communications / Quality Assurance

Josef Achermann, Head of Swissmill Jörg Ackermann, Special mandates Marc Haubensak, Head of BâleHotels 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 Herbert Zaugg, Head of Total Store

#### 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 2 Ivo Dietsche, Head of Business Management / Controlling Hans Ernst, Head of Personnel / Training Karl Sturzenegger, Head of Sales 1

#### Trading Business Unit

Rudolf Burger, Head of Trading Business Unit Beat Ammann, Head of Business Management / Controlling Peter Meier, Head of Total Store Daniel Stucker, Head of IMPORT PARFUMERIE / CHRIST Watches & Jewellery Division Bruno Veit, Head of Toptip / Lumimart Division Martin von Bertrab, Head of Personnel / Training

#### Department Stores

Urs Jordi, Head of Department Stores Jürg Birkenmeier, Head of Sales, Region Centre Michel Produit, Head of Sales, Region West Philipp Sigrist, Head of Sales, Region East

#### **Building & Hobby**

Kaspar Niklaus, Head of Building & Hobby (B&H) Urs Müller, Head of CCM / Purchasing B&H Fredi Altermatt, CCM Building Christina Graf, CCM Living / Leisure Bruno Haberthür, CCM Hand Tools Rainer Pietrek, CCM Garden / Freshness Dieter Strub, Head of Projects CCM B&H Walter Studer, CCM Garden / Hard Goods

#### Interdiscount

Joos-Rudolf Sutter, Head of Interdiscount Division Andreas Frischknecht, Head of Sales Stores Daniel Hintermann, Head of Business Management / Controlling / Logistics / IT / Services Pierre Pfaffhauser, Head of Personnel / Training Pierre Wenger, Head of CCM Interdiscount

#### Marketing / Purchasing Business Unit

Jürg Peritz, Head of Marketing / Purchasing Business Unit Jörg Ledermann, Head of Controlling / Systems / Processes / Projects Heino Peier, Head of Advertising

Christoph Theler, Head of Market Research / Consumer Service / Sales Planning

Benedikt Pachlatko, Head of Customer Programmes

#### **CCM Fresh Products / Restaurants**

Philipp Wyss, Head of CCM Fresh Products / Restaurants Marie-Claire Chepca Cordier, CCM Dairy Produce / Eggs / Ice-cream Marc Muntwyler, CCM Meat

#### 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 Willimann, 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 Philipp Allemann, Buying Pool (BP) Meat / Fish / Convenience Christoph Bürki, BP Beverages Christian Guggisberg, BP Fruit / Vegetables / Flowers / Plants 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 Business Unit**

Leo Ebneter, Head of Logistics Business Unit 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

#### **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 Henry Stamm, Head of Projects Business Management / Controlling

#### **Property Business Unit**

Jean-Marc Chapuis, Head of Property Business Unit Antonio Cambes, Head of SR Property Region Stefano Donizelli, 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







## MY OWN EXPERIENCE OF COOP: GIANLUIGI FERRARI, MANAGING DIRECTOR, COOPERNIC, BRUSSELS

Coopernic is a joint stock company with five owners: E.Leclerc, Colruyt,
 Conad, REWE and Coop. These large European retailers joined forces
 to exchange know-how. At a meeting in company HQ in Brussels on
 19 September 2007, Coopernic Managing Director Gianluigi Ferrari
 explained the purpose of this strategic alliance.

























## COOPERNIC IS NOT SO MUCH A PURCHASING COMMUNITY AS A STRATEGIC ALLIANCE.

- I always say it's better to be friends than to fight someone. Coopernic is not so much a purchasing community as a strategic alliance. Even just the cultural exchange is a gain. Take E.Leclerc in France: it's had a lot of experience in dealing with monopolies. It broke the petrol monopoly, for instance.
- Coop, on the other hand, is the European leader in organics and quality management. The other members of Coopernic E.Leclerc, Colruyt in Belgium, Conad in Italy and REWE in Germany have therefore decided to aim for Coop's standard in these areas within the next few years. How do we find suitable suppliers? What does a product range need to make it work? How should organic products be monitored? How should they be promoted? And so on and so forth. These are questions of which Coop has an awful lot of experience, whereas interest in organics is only now taking off in, say, Italy or France.
- It's a mistake to believe you're the best. Each of the five companies is a leader in its market, but are we leaders in Europe? We only represent a meagre 10 % of the European market.
- So if we want to beat the big boys, we've got to join forces as partners, put our cards on the table and exchange knowledge and know-how. If we're too selfish about this, it won't work. Coopernic is young, but already very successful. A lot of alliances have failed because they weren't neutral enough. I've worked for Metro and for Barilla. I know what goes on at the big retailers, I know what goes on at the producers. But I don't come from any of the five companies that constitute the alliance. That's a huge advantage.

## THE COOP GROUP IN FIGURES

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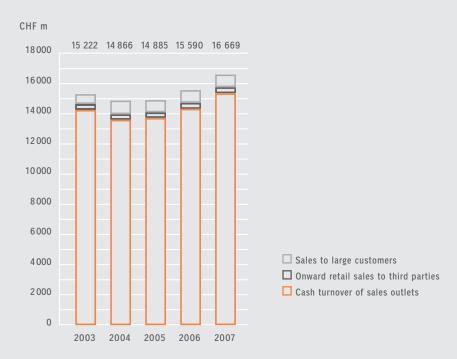
All values rounded up / down individually

## CASH TURNOVER / DIRECT SALES

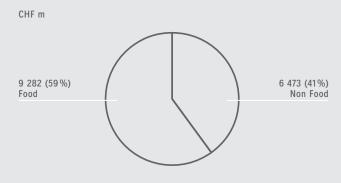
				Change	Change
		CHF m	CHF m	CHF m	%
		2007	2006		
Supermarkets A	250 - 600 m <sup>2</sup>	3 540	3 477	+ 63	+ 1.8
Supermarkets B	800 – 1 400 m <sup>2</sup>	3 0 5 7	2 860	+198	+ 6.9
Supermarkets C	1 800 - 3 000 m <sup>2</sup>	2 794	2721	+73	+ 2.7
Supermarkets		9 392	9 0 5 8	+ 334	+ 3.7
Megastores	4 500 - 8 000 m <sup>2</sup>	875	751	+ 124	+ 16.5
Supermarkets / megastores		10 267	9809	+ 458	+ 4.7
Other		2	2	- 0	- 2.7
Coop Retail		10 269	9811	+ 458	+ 4.7
Department stores		1 009	939	+ 70	+ 7.4
Building & Hobby		685	642	+ 43	+ 6.7
Interdiscount		976	894	+ 82	+ 9.2
Toptip and Lumimart		262	240	+ 22	+ 9.3
CHRIST Watches & Jewellery		107	95	+12	+ 12.7
IMPORT PARFUMERIE		154	147	+ 7	+ 4.6
Other		3	3	+ 0	+ 6.5
Coop Trading		3 195	2 959	+ 236	+ 8.0
Hotels		32	30	+ 2	+ 6.3
Соор		13 496	12 800	+ 696	+ 5.4
Alcoba Distribution SA		76	78	- 3	- 3.4
Bell Group (sales outlets)		17	16	+1	+ 8.8
Petrol stations		1 163	982	+ 180	+ 18.4
Coop Pronto at petrol stations		330	275	+ 56	+ 20.3
Coop Pronto stand-alone		140	110	+ 30	+ 27.4
Coop Mineraloel AG		1 634	1 367	+ 266	+ 19.5
Coop Vitality AG		66	48	+18	+ 37.4
Dipl. Ing. Fust AG		102			
Cash turnover of sales outlets		15 390	14 309	+1 081	+ 7.6
Internet shops		86	73	+ 13	+ 17.9
Onward retail sales to third parties		279	327	- 48	- 14.6
Retail turnover		15 755	14 709	+1046	+ 7.1
Sales to large customers		914	882	+ 32	+ 3.6
Cash turnover / Direct sales		16 669			

## CASH TURNOVER / DIRECT SALES / RETAIL TURNOVER

### Cash turnover / Direct sales



#### **Retail turnover by main categories**



Food

13%

18%

15%

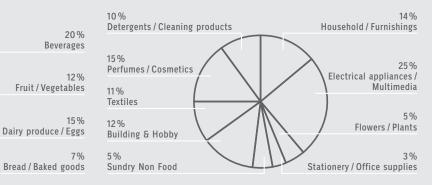
Convenience

Meat / Fish

Breakfast / Side

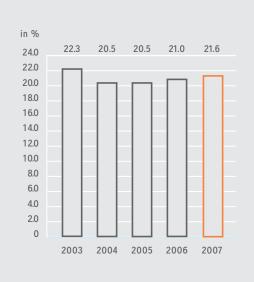
dishes / Confectionery



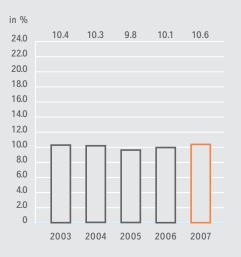


#### **MARKET SHARES**

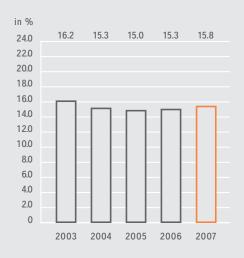
Food



### Non Food



## Coop Group



	CHF m				
	2003	2004	2005	2006	2007
Retail turnover	14 396	13983	14 049	14 709	15 755
minus petrol stations, fuels, hotels, e-communication	748	874	1 066	1 241	1 385
Coop retail turnover for market shares	13 648	13 109	12 983	13 467	14 370
Market volume Food	40 593	41 324	41 407	41 856	43 054
Market volume Non Food	43 986	44 524	45 557	46 039	47 969
Total volume acc. to BAK'	84579	85 848	86 964	87 896	91 023

<sup>1</sup> Basis: BAK Economics Basel, CH-Konsum, 2008 edition (Status 19.2.2008) Figures restated

## SALES OUTLETS

		Sa	les outlets		Sales area		Cash t	urnover of sa	les outlets
		Numb	oer at 31.12		m² at 31.12	CHF m	CHF m	%	Share %
		2007	2006	2007	2006	2007	2006		
Supermarkets A	250-600 m <sup>2</sup>	529	534	284 881	284 391	3 540	3477	+ 1.8	23.0
Supermarkets B	800–1400 m <sup>2</sup>	171	167	247 607	242 387	3 0 5 7	2860	+ 6,9	19.9
Supermarkets C	1800-3000 m <sup>2</sup>	88	88	244 092	246315	2 7 9 4	2721	+ 2.7	18.2
Supermarkets		788	789	776 580	773 093	9 392	9058	+ 3.7	61.0
Megastores	4500-8000 m <sup>2</sup>	14	13	77 492	75 517	875	751	+ 16.5	5.7
Supermarkets / Me	gastores	802	802	854 072	848610	10 267	9809	+ 4.7	66.7
Other		1	1	290	290	2	2	- 2.7	0.0
Coop Retail		803	803	854 362	848 900	10 269	9811	+ 4.7	66.7
Department stores	S	33	34	138 418	140 922	1 009	939	+ 7.4	6.6
Building & Hobby		68	67	280 428	267 698	685	642	+ 6.7	4.5
Interdiscount		185	178	61 957	60 0 93	976	894	+ 9.2	6.3
Toptip and Lumim	art	60	58	159 339	152 503	262	240	+ 9.3	1.7
CHRIST Watches 8	& Jewellery	84	78	6 094	5 873	107	95	+ 12.7	0.7
IMPORT PARFUME	RIE	96	93	8 701	9 238	154	147	+ 4.6	1.0
Other		1	1	150	150	3	3	+ 6.5	0.0
Coop Trading		527	509	655 087	636 477	3 195	2 959	+ 8.0	20.8
Hotels		3	3			32	30	+ 6.3	0.2
Соор		1 333	1 315	1 509 449	1 485 377	13 496	12 800	+ 5.4	87.7
Alcoba Distributio	on SA	2	2	9 0 0 2	9 0 0 2	76	78	- 3.4	0.5
Bell Group (sales	outlets)	26	24	829	801	17	16	+ 8.8	0.1
Petrol stations		163	150			1 163	982	+ 18.4	7.6
Coop Pronto at pe	etrol stations	(151)	(138)	14 186	12 537	330	275	+ 20.3	2.1
Coop Pronto stand	d-alone	38	34	6 208	5 2 6 5	140	110	+ 27.4	0.9
Coop Mineraloel A	٨G	201	184	20 394	17 802	1 634	1 367	+ 19.5	10.6
Coop Vitality AG		25	21	6 537	5 260	66	48	+ 37.4	0.4
Dipl. Ing. Fust AG		152		77 836		102			
Subsidiaries		406	231	114 598	32 865	1 894	1 509	+ 25.5	12.3
Sales outlets		1 739	1 5 4 6	1 624 047	1 518 242	15 390	14 309	+ 7.6	100.0

## SUBSIDIARIES / DIVISIONS / BANK LOANS

Subsidiaries		Net sales	Fu	ll-time	Share cap	oital at 31.12
			emp	loyees	Scope of c	onsolidation
	CHF m	CHF m			CHF m	%
	2007	2006		2007	2007	2007
Alcoba Distribution SA	67	69		163	4.7	50.0
Bell Group	1 636	1 4 9 6		3 312	2.0	60.5
Coop training centres Muttenz and Jongny	13	13		72	0.4	100.0
Coop Mineraloel AG	1 664	1 4 4 9		61	10.0	51.0
Coop Vitality AG	64	48		218	5.0	51.0
Dipl. Ing. Fust AG	98			148	10.0	100.0
netto24 AG	4			1	0.1	100.0
Divisions					Change	Change
D141510115	CHF	m	CHF m		CHF m	w
	20		2006		CHI III	70
	20	07	2000			
Cash turnover	97	76	894		+ 82	+ 9.2
Onward retail sales to third parties	2	20	15		+ 5	+ 34.7
Interdiscount Division	99	96	909		+ 87	+ 9.6
Cash turnover Toptip	23	33	211		+ 21	+ 10.1
Cash turnover Lumimart	2	29	28		+1	+ 3.0
Onward retail sales to third parties						
Toptip and Lumimart Division	26	62	240		+ 22	+ 9.3
Cash turnover	1(	)7	95		+ 12	+ 12.7
Onward retail sales to third parties		1	0		+1	+ 0.0
CHRIST Division Watches & Jewellery	10	)8	95		+ 13	+ 13.5
Cash turnover	15	54	147		+ 7	+ 4.6
Onward retail sales to third parties		1	1		+ 0	+ 16.8
IMPORT PARFUMERIE Division	15	55	148		+7	+ 4.7

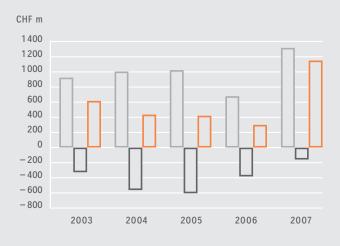
Bank loans		Credit line		Used	Unused	credit line
at 31.12	2007	2006	2007	2006	2007	2006
Big banks	551	411	91	11	460	400
Cantonal banks	528	535	177	154	351	381
Regional banks	31	44	31	44	0	0
Bank Coop	110	110	70	37	40	73
Foreign banks in Switzerland	250	150		110	250	40
Foreign banks	673	355	283	267	390	88
Banks	2 1 4 3	1 606	652	625	1 491	981
Short-term bank loans			515	165		
Long-term bank loans			124	372		
Bank mortgages			13	88		
Bank loans			652	625		

### **KEY FINANCIAL DATA / INVESTMENTS**

#### CHF m - 100 -200

## Key financial data





Gross investments in tangible fixed assets
 Disposals of tangible fixed assets
 Net investments in tangible fixed assets

I	Vet	inves	tment	S

——— Operating cash flow (EBITDA)

----- Operating result (EBIT)

----- Profit/loss for the year

------ Cash flow from operating activities

CHF m	CHF m	CHF m	CHF m	CHF m
2003	2004	2005	2006	2007
146	130	140	143	92
123	135	174	81	78
384	344	454	251	947
113	274	172	96	121
172	116	83	114	82
938	998	1 0 2 2	685	1 320
- 327	- 559	- 599	- 390	-164
611	439	423	295	1 1 5 6
247	- 8	129	83	195
858	431	552	377	1 351
1177	1 171	1 0 3 9	1237	1 383
531	491	348	553	644
341	320	270	310	350
864	512	957	1 0 8 9	1 155
	2003 146 123 384 113 172 938 -327 611 247 858 1177 531 341	2003     2004       146     130       123     135       384     344       113     274       172     116       938     998       -327     -559       611     439       247     -8       858     431       1177     1171       531     491       341     320	2003         2004         2005           146         130         140           123         135         174           384         344         454           113         274         172           172         116         83           938         998         1022           -327         -559         -599           611         439         423           247         -8         129           858         431         552           1177         1171         1039           531         491         348           341         320         270	2003       2004       2005       2006         146       130       140       143         123       135       174       81         384       344       454       251         113       274       172       96         172       116       83       114         938       998       1022       685         -327       -559       -599       -390         611       439       423       295         247       -8       129       83         858       431       552       377         1177       1171       1039       1237         531       491       348       553         341       320       270       310

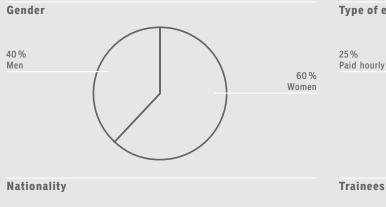
## **EMPLOYEES**

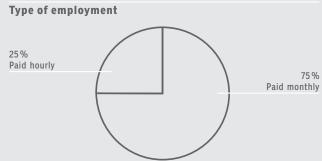
	2007	2006	Change	%
SRE Suisse Romande	4 245	3 969	+ 276	+ 7.0
SRE Bern	3 022	3 0 1 3	+ 9	+ 0.3
SRE Nordwestschweiz	3 651	3 606	+ 46	+ 1.3
SRE Zentralschweiz-Zürich	4 297	4 1 2 8	+ 169	+ 4.1
SRE Ostschweiz-Ticino	3 909	3 972	- 63	- 1.6
Corporate Services Retail	64	65	- 1	- 0.9
Retail	19 188	18752	+ 436	+ 2.3
Department stores	2 765	2781	- 16	- 0.6
Building & Hobby	1 427	1 3 4 4	+ 83	+ 6.2
Interdiscount	1 678	1 641	+ 36	+ 2.2
Toptip and Lumimart	646	621	+ 25	+ 4.1
CHRIST Watches & Jewellery	470	480	- 10	- 2.1
IMPORT PARFUMERIE	396	385	+ 10	+ 2.6
Corporate Services Trading	175	129	+46	+ 35.3
Trading	7 557	7 383	+ 175	+ 2.4
Logistics	4 303	4 303	-0	- 0.0
Production	724	740	- 16	- 2.2
Other corporate services/Real Estate Business Unit	2 484	2 524	- 40	- 1.6
Coop parent company	34 256	33 702	+ 554	+ 1.6
Bell Group	3 312	3 0 9 4	+ 218	+ 7.0
Coop Mineraloel AG	61	68	-7	-10.2
Coop Vitality AG	218	166	+ 52	+ 31.4
Dipl. Ing. Fust AG	148		+148	
Other companies	236	242	- 6	- 2.6
Full-time employees (incl. trainees)	38 230	37 271	+ 959	+ 2.6
SRE Suisse Romande	5 694	5 3 37	+ 357	+ 6.7
SRE Bern	4 186	4210	- 24	- 0.6
SRE Nordwestschweiz	4 590	4 581	+ 9	+ 0.2
SRE Zentralschweiz-Zürich	5 7 5 2	5 691	+ 61	+ 1.1
SRE Ostschweiz-Ticino	5 208	5 260	- 52	- 1.0
Corporate Services Retail	67	66	+1	+ 1.5
Retail	25 497	25 145	+ 352	+ 1.4
Department stores	3 399	3 409	- 10	- 0.3
Building & Hobby	1 740	1 644	+ 96	+ 5.8
Interdiscount	1 800	1786	+14	+ 0.8
Toptip and Lumimart	768	756	+12	+ 1.6
CHRIST Watches & Jewellery	549	512	+ 37	+ 7.2
IMPORT PARFUMERIE	533	531	+ 2	+ 0.4
Corporate Services Trading	194	142	+ 52	+ 36.6
Trading	8 983	8 780	+ 203	+ 2.3
Logistics	4 758	4 737	+ 21	+ 0.4
Production	858	890	- 32	- 3.6
Other corporate services/Real Estate Business Unit	2 055	2 048	+ 7	+ 0.3
Coop parent company	42 151	41 600	+ 551	+ 1.3
Bell Group	3435	3219	+ 216	+ 6.7
Coop Mineraloel AG	65	69	- 4	- 5.8
Coop Vitality AG	310	262	+ 48	+ 18.3
Dipl. Ing. Fust AG	1 953		+1953	
Other companies	286	278	+ 8	+ 2.9
Employees (incl. trainees) at 31.12	48 200	45 428	+ 2 772	+ 6.1

	2007	2006	Change	%
SRE Suisse Romande	346	302	+ 44	+ 14.6
SRE Bern	203	182	+ 21	+ 11.5
SRE Nordwestschweiz	370	282	+ 88	+ 31.2
SRE Zentralschweiz-Zürich	386	318	+ 68	+ 21.4
SRE Ostschweiz-Ticino	294	241	+ 53	+ 22.0
Corporate Services Retail				
Retail	1 599	1 325	+ 274	+ 20.7
Department stores	177	164	+13	+ 7.9
Building & Hobby	124	117	+ 7	+ 6.0
Interdiscount	355	329	+ 26	+ 7.9
Toptip and Lumimart	20	20		
CHRIST Watches & Jewellery	29	24	+ 5	+ 20.8
IMPORT PARFUMERIE	60	55	+ 5	+ 9.1
Corporate Services Trading	6	5	+ 1	+ 20.0
Trading	771	714	+ 57	+ 8.0
Logistics	95	91	+ 4	+ 4.4
Production	37	33	+ 4	+ 12.1
Other corporate services/Real Estate Business Unit	60	66	- 6	- 9.1
Coop parent company	2 562	2 2 2 9	+ 333	+ 14.9
Bell Group	50	53	- 3	- 5.7
Coop Mineraloel AG	3	3		
Coop Vitality AG	54	35	+19	+ 54.3
Dipl. Ing. Fust AG	56		+ 56	
Other companies	3	3		
Trainees (full-time) at 31.12	2 728	2 323	+ 405	+ 17.4

Year-back figures restated

School-leaver internships





81

+ 81

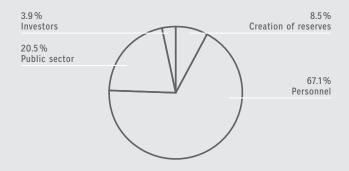




## STATEMENT OF ADDED VALUE

	CHF m	CHF m	Change %
	2007	2006	-
Cash turnover / Direct sales	16 669	15 590	+ 6.9
Merchandise	-9973	-9298	+ 7.3
Other	- 1 867	-1 580	+ 18.1
Upstream services	- 11 840	- 10 879	+ 8.8
Gross added value	4 829	4712	+ 2.5
Depreciation and amortization/provisions	- 731	- 818	- 10.6
Net added value	4 098	3 894	+ 5.2
Wages and salaries	- 2 132	-2065	+ 3.2
Social security contributions	- 451	- 435	+ 3.5
Other personnel costs	- 115	- 98	+ 17.8
Personnel discounts incl. personnel Supercard points	- 51	- 45	+ 13.6
Personnel	- 2 749	- 2 643	+ 4.0
Taxes	- 74	- 103	- 28.4
Operations-related taxes, charges and fees	-13	- 22	- 41.7
Customs duties	- 623	- 569	+ 9.5
Value-added tax	- 131	- 127	+ 2.6
Public sector	-841	- 822	+ 2.3
Investors	- 159	- 119	+ 33.2
Creation of (-) / withdrawal from (+) reserves	- 350	-310	+ 12.9
Distribution of added value	- 4 098	- 3 894	+ 5.2

## Distribution of added value



## **DEVELOPMENT OF THE COOP GROUP**

	2003	2004	2005	2006	2007
Key financial data consolidated in CHF m					
Retail turnover	14396	13 983	14049	14 709	15 755
Cash turnover / direct sales	15222	14 866	14885	15 590	16 669
Net sales	14434	14 127	14133	14785	15 812
Operating cash flow (EBITDA)	1177	1171	1 0 3 9	1 2 3 7	1 383
Operating result (EBIT)	531	491	348	553	644
Financial result incl. result of associated organizations	- 98	- 103	- 91	- 69	- 39
Profit/loss for the year	341	320	270	310	350
Interest-bearing liabilities	4 4 4 8	4 360	3 980	3297	3 534
Net financial liabilities	4115	4049	3701	3017	3 219
Equity incl. minority interests	3 9 3 0	4 2 6 4	4 602	4931	5 324
Equity ratio in %	34.5	37.8	40.9	44.8	45.1
Total assets	11 385	11 290	11249	10999	11 810
Cash flow before change in net current assets	849	936	818	1 068	1 254
Cash flow / drain from operating activities	864	512	957	1 0 8 9	1 155
Cash flow / drain from investing activities	- 858	- 431	- 552	- 377	-1351
Cash flow / drain from financing activities	- 119	- 102	- 397	- 711	231
Personnel					
Employees at 31.12	50 406	47 158	44916	45 428	48 200
Full-time employees	41 249	39 292	37 370	37 271	38 230
	41243	33232	57570	57271	30 230
Market shares in % (Basis: market volume according to BAK)					
Food	22.3	20.5	20.5	21.0	21.6
Non Food	10.4	10.3	9.8	10.1	10.6
Coop Group	16.2	15.3	15.0	15.3	15.8
Sales outlets					
Number of sales outlets at 31.12	1 5 1 3	1 433	1 4 3 7	1 546	1 7 3 9
Sales area in m <sup>2</sup> at 31.12	1 458 149	1 464 070	1 480 907	1 518 242	1 624 047
Sales area in m², annual average			40.000	1 497 395	1 550 155
Cash turnover in CHF m	14032	13649	13690	14 309	15 390
Member households					
Number of households at 31.12	2250740	2 323 602	2 316 223	2 461 462	2 502 100

## **KEY ENVIRONMENTAL DATA**

Survey period for energy data July to June, calendar year for other data	2007	2006	Change %
Turnover from environmentally and socially responsible flagship labels			
Coop Naturaplan, Coop Naturafarm, Coop Naturaline, Coop Oecoplan,			
Max Havelaar, ProSpecieRara, Slow Food, Pro Montagna			
Turnover in CHF m	1 3 9 7	1 3 2 8	+ 5.2
Electricity consumption			
Total consumption in MWh	703662	700885	+ 0.4
Consumption, sales outlets per m <sup>2</sup> of sales area in kWh <sup>1</sup>	448	450	- 0.5
Consumption, sales outlets per thousand CHF of turnover in kWh'	47	49	- 4.0
Energy consumption for heating purposes			
Total consumption in MWh	275052	309 303	- 11.1
Consumption, sales outlets per $m^2$ of sales space in $kWh^1$	128	140	- 8.6
Consumption, sales outlets per thousand CHF of turnover in kWh'	13	15	- 11.8
Energy consumption (electricity and heating)			
Total consumption in MWh	978714	1 010 188	- 3.1
Consumption, sales outlets per $m^2$ of sales space in $kWh^1$	576	590	- 2.4
Consumption, sales outlets per thousand CHF of turnover in kWh <sup>1</sup>	61	64	- 5.8
Carbon dioxide (CO2) emissions			
Total emissions in t	53971	60 126	- 10.2
Water consumption			
Total consumption in m <sup>3</sup>	503 526	500 320	+ 0.6
	000020	000 020	. 010
Consumption of diesel fuel by trucks			
Consumption per tonne-kilometre in litres	0.01220	0.01270	- 3.9
Waste recycling			
Total waste recycled in %	70	72	- 2.8
<sup>1</sup> Supermarkets, Department Stores, Building & Hobby			

<sup>1</sup> Supermarkets, Department Stores, Building & Hobby

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All values rounded up / down individually

## CONSOLIDATED INCOME STATEMENT

	Notes	CHF m	Share %	CHF m	Share %
		2007		2006	
Net sales from goods and services	1	15812	100.0	14785	100.0
Merchandise expense		- 10 596		-9867	
Operating income		5216	33.0	4918	33.3
Other operating income	2	738		686	
Personnel costs	3	-2698		- 2 598	
Advertising costs		- 354		- 341	
Other operating expenses	4	- 1 520		-1427	
Operating cash flow (EBITDA)		1 383	8.7	1 2 3 7	8.4
Amortization of intangible assets	5	- 138		- 88	
Depreciation of tangible fixed assets	5	- 600		- 597	
Operating result (EBIT)		644	4.1	553	3.7
Result of associated organizations		-16		- 15	
Financial result	6	-23		- 54	
Ordinary result		606	3.8	484	3.3
Non-operating result	7	22		40	
Extraordinary result	8	- 158		-75	
Profit / loss before taxes (EBT)		469	3.0	449	3.0
Taxes	9	-74		- 103	
Profit / loss after taxes		395	2.5	346	2.3
Minority interests in profit/loss		- 45		- 36	
Profit / loss for the year		350	2.2	310	2.1

## CONSOLIDATED BALANCE SHEET

	Notes	CHF m	Share %	CHF m	Share %
at 31.12		2007		2006	
Cash and cash equivalents	10	315		280	
Securities		75		110	
Receivables from goods and services	11	445		333	
Other short-term receivables	12	154		125	
Prepayments and accrued income	13	224		183	
Inventories	14	1 771		1 4 9 1	
Current assets		2 984	25.3	2 521	22.9
Intangible assets	15	1 006		378	
Financial assets	16	384		455	
Furniture, vehicles, machinery	17	1 293		1 2 4 5	
Real estate	18	6 143		6400	
Non-current assets		8 826	74.7	8478	77.1
Assets		11 810	100.0	10 999	100.0
Payables from goods and services	19	988		1 0 2 5	
Short-term financial liabilities	20	1 445		932	
Other short-term liabilities	21	361		284	
Short-term provisions	22	149		100	
Accrued liabilities and deferred income	23	505		433	
Short-term liabilities		3 4 4 9	29.2	2775	25.2
Long-term financial liabilities	24	2 089		2365	
Long-term provisions	25	948		929	
Long-term liabilities	0.0	3 037	25.7	3 2 9 4	29.9
Liabilities	26	6 486	54.9	6068	55.2
Participation certificate capital					
Capital reserves		2 132		1 829	
Retained earnings		2 539		2 5 3 3	
Profit/loss for the year		350		310	
Unappropriated profit / accumulated loss		2 889		2843	
Equity excluding minority interests		5 021	42.5	4672	42.5
Minority interests		304	2.6	259	2.4
Equity including minority interests		5 324	45.1	4 9 3 1	44.8
Liabilities and equity		11 810	100.0	10 999	100.0

## CONSOLIDATED CASH FLOW STATEMENT

Fund: Cash and cash equivalents

Notes	(	CHF m 2007		CHF m 2006
Profit / loss for the year before minority interests		395		346
Amortization of financial assets (excl. associated organizations)	15		0	0.0
Amortization of intangible assets	138		111	
Depreciation of furniture, vehicles, machinery	269		278	
Depreciation of real estate	403		336	
Depreciation of non-operating assets	7	832	3	729
Profit (-) / loss on disposal of fixed assets		- 35		-72
Result non-cash items		47		- 20
Income $(-)$ / expense from application of the equity method for investments		16		15
Increase / decrease in long-term provisions		-1		70
Cash flow before change in net current assets		1254		1 068
Increase () / decrease in receivables from goods and services	- 79		-11	
Increase (-) / decrease in other receivables, prepayments and accrued income	46		- 44	
Increase $(-)$ / decrease in inventories	- 74		58	
Increase / decrease in payables from goods and services	- 95		154	
Increase / decrease in other current liabilities, accrued liabilities and deferred income	55		- 152	
Increase / decrease in current provisions	47	- 99	15	21
Cash flow / drain from operating activities		1 1 5 5		1 089
Investments in intangible assets	- 24	1100	- 34	1005
Disposals of intangible assets	0	- 24	5	- 28
Investments in furniture, vehicles, machinery	- 253		- 254	20
Disposals of furniture, vehicles, machinery	3	- 250	7	- 247
Investments in real estate	- 302		- 359	247
Real estate, own work capitalized	-1		- 2	
Disposals of real estate	149	- 153	378	17
Outflows for acquisition of consolidated organizations	- 973	155	- 70	
Inflows from disposal of consolidated organizations	14	- 959	0	- 70
Investments in financial assets	- 43		- 3	10
Disposals of financial assets			15	
Reclassifications of financial assets	0	- 36	- 67	- 55
Investments in securities	- 43		-7	55
Disposals of securities	114	71	12	5
Cash flow / drain from investing activities 27	114	-1351	I Z	-377
Borrowings (+)		175		0
Repayment of borrowings (-)		- 200		- 100
Dividends to minority shareholders		- 5		- 18
Increase / decrease in short-term financial liabilities		513		- 169
Increase / decrease in long-term financial liabilities		- 251		- 424
Own shares		-251		- 424
		231		-711
Cash flow / drain from financing activities		231		-/11
Cash inflow / cash outflow (–)		36		0
Cash and cash equivalents at beginning of year		280		280
Cash inflow / cash outflow (-)		36		0
Impact of changes in currency exchange rates		- 1		0

## STATEMENT OF CHANGES IN EQUITY

	Capital	Own	Retained	Profit/loss	Equity	Minorities	Equity
	reserves	shares	earnings	for the	excluding		including
				year	minorities		minorities
Equity at 1.1.2006	1 6 9 2	0	2 400	270	4362	240	4602
Appropriation of profit / dividend	137		133	- 270	- 0	- 18	- 18
Acquisition / disposal of own shares		0					
Profit/loss for the year				310	310	36	346
Currency translation differences	0	0	- 0	0	- 0		- 0
Equity at 31.12.2006	1 8 2 9	0	2 5 3 3	310	4672	259	4931
Equity at 1.1.2007	1829	0	2 5 3 3	310	4672	259	4931
Addition to scope of consolidation						4	4
Appropriation of profit / dividend	304		6	- 310	- 0	- 5	- 5
Acquisition / disposal of own shares		- 1			- 1		-1
Profit/loss for the year				350	350	45	395
Currency translation differences			0		0		0
- -							
Equity at 31.12.2007	2 1 3 3	-1	2 5 3 9	350	5021	304	5 3 2 4

Equity at 31.12.2007



## NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

## **Consolidation principles**

## Basis

The consolidated financial statements of the Coop Group are in conformity with all Swiss GAAP ARR (Accounting and Reporting Recommendations). On this basis, internal classification, valuation and disclosure principles have been defined and applied uniformly. The consolidated financial statements are based on the audited individual accounts at 31 December and present a true and fair view of the financial position, results of operations and cash flows.

## **Full consolidation**

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 the voting rights). Under full consolidation, all assets, liabilities, expenses and income are fully included in the consolidated financial statements. Any third-party interests in fully consolidated companies are presented separately as minority interests. Newly acquired companies are consolidated from the date on which the economic benefits are transferred, and companies sold are excluded from the scope of consolidation from the date of sale. Only the Group's share of any surplus of net assets acquired is capitalized.

All intercompany relationships and transactions are eliminated. Capital is consolidated according to the purchase method, whereby a company's equity at the date of acquisition or establishment is eliminated against the carrying amount of the investment at the parent. Various investigations have indicated that intercompany profits may be regarded as insignificant.

#### Equity method

As a rule, investments in companies in which the Coop Group holds 20% to 50% of the voting rights are recognized – where economically significant – in proportion to the share of equity held and the relevant share of their net profit or loss for the year. Any surplus of acquisition cost is recognized as goodwill and amortized systematically. The amounts are carried in the income statement within the result of associated organizations and amortization of intangible assets respectively.

## **Currency conversion**

Local assets and liabilities are converted into Swiss francs at the exchange rate at the balance sheet date. The local income statements and the cash flow statement are converted at the average rates for the year. Any differences 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 section "Additional notes to the consolidated financial statements".

## Scope of consolidation

The consolidated Coop companies are listed on page 86.

## Valuation principles for selected items

#### **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at nominal value. They comprise cash on hand, postal and bank account balances, short-term deposits and Reka cheques. These items are convertible into cash at any time and subject to an insignificant risk of changes in value (note 10).

## Securities

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

Receivables from goods and services and other shortterm receivables

Receivables are stated at nominal value less impairment. A flat-rate allowance of 1% is recognized for general credit risks (notes 11 and 12).

## Inventories

Inventories are stated at cost, which comprises the net purchase price and incidental charges. Semi-manufactured and finished goods are valued at no more than production cost. Where the computed value of merchandise at the balance sheet date is less than cost, the lower of cost or market principle is applied. Individual value adjustments are recognized for materials that are no longer serviceable. Discounts are deducted directly from the supplier invoices as purchase price reductions and recognized on a net basis. (Note 14).

## Intangible assets

Goodwill arising on the acquisition of investments is generally capitalized and amortized on a straight-line basis over a period of 5 to 8 years. Goodwill from acquisitions prior to 1 January 1993 was directly offset against retained earnings. Other intangible assets are stated at acquisition cost and amortized on a straight-line basis over a period of 3 to 8 years. Brand-name rights and similar intangible assets are amortized over a period of up to 20 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 acquisition cost less any necessary write-downs. Loans, securities and long-term financial assets where the share of the voting rights is less than 20 % are also recognized at cost less any necessary write-downs (note 16).

All investments representing a holding of less than 20% are carried at cost less any necessary write-downs and recognized as financial assets or securities.

## Furniture, vehicles, machinery, real estate

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

Shop fittings	10 years
Furniture	5 — 10 years
Plant and machinery	10 – 15 years
Vehicles	3 – 10 years
Temporary buildings	3 – 20 years
Real estate	50 — 100 years

Tangible fixed assets financed through finance leases are capitalized in the same way as other assets and depreciated on a straight-line basis in accordance with the table above. The corresponding present values excluding interest are recognized within long-term liabilities as leasing commitments. The market values of Coop's real estate are determined internally. Taken as a whole, the market value of these properties exceeds their carrying amount, which means that on the basis of going concern values there are substantial reserves left over (notes 17 and 18).

#### Liabilities

Short-term liabilities include all liabilities due within one year, accrued liabilities and deferred income, and shortterm provisions. Long-term liabilities comprise obligations with a maturity of more than one year.

Liabilities are carried in the balance sheet at nominal value (notes 19 to 21, 23 and 24).

## **Provisions**

The amount of the provisions is determined at the balance sheet date on the basis of the probable outflow of resources. In doing so, sufficient account is taken of the risks. The provisions represent legal or constructive obligations (Notes 22 and 25).

## Other operating income

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

## Non-operating items

The non-operating result comprises income and expenses arising from events or transactions which clearly differ from the ordinary operations of the Coop Group. These items also include non-operating tangible fixed assets.

## Extraordinary items

Extraordinary items are income and expenses which arise extremely rarely in the context of the ordinary operations and are not predictable.

#### Taxes

All income taxes due on the taxable profits for the business year are charged to the income statement, regardless of their due date. Furthermore, additional taxes on income result from temporary differences between items of income and expense entered in the consolidated financial statements and individual statements for tax purposes (deferred taxes). The deferred taxes for these differences between the carrying amounts in the financial statements and the values for tax purposes 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 income statement under "Other operating expenses" (note 4).

## **Reclassifications**

"Reclassifications" in the statements of changes in fixed assets refers primarily to transfers of down payments to another category of asset as well as to reclassifications.

## **Cash flow statement**

The fund comprises cash and cash equivalents, excluding securities. These items are convertible into cash at any time and subject to an insignificant risk of changes in value.

#### **Related parties**

Companies consolidated by the equity method are considered to be related parties, as are natural persons – such as Executive Committee members or members of the Board of Directors – and pension funds.

Related party transactions were conducted at market conditions.

The items against associated organizations are shown under the corresponding headings in the Notes.

There are also reciprocal delivery and supply agreements in place. Market conditions apply, with transaction volumes being factored in (Additional notes to the consolidated financial statements). In addition to the statutory amounts remitted to Coop Personalversicherung (CPV / CAP), market-rate rents were also paid.

## Supplementary information

Guarantees and other extraordinary pending transactions are measured at nominal value and disclosed.

## Notes to the 2007 consolidated financial statements (general information)

## Swiss GAAP ARR 2007

The Swiss GAAP ARR framework was applied as of 1 January 2006 and the other recommendations as of 1 January 2007. The prior-year figures and the classification were restated accordingly.

## Changes to the scope of consolidation

In the 2007 business year, the following changes occurred in the scope of consolidation at Coop compared with the previous year:

AX4 Holding AG and Epa AG merged with Coop on 1 January 2007. On the same date, CI Tessin AG merged with Coop Immobilien AG.

Sale of the companies Complexe de Chêne-Bourg A SA, Complexe de Chêne-Bourg C SA and Complexe de Chêne-Bourg D SA on 30 November 2007.

Dipl. Ing. Fust AG was acquired on 1 December 2007 following a decision by the Swiss Competition Commission. The majority stake in Service 7000 AG has been integrated into this acquiree. netto24 AG was acquired on the same date.

A 40% interest was acquired in Tropenhaus Frutigen AG on 1 January 2007 and a 40% interest in Tropenhaus Wolhusen AG on 24 July 2007.

Acquisition of REWE-Informations-Systeme Schweiz AG by transGourmet Schweiz AG on 1 January 2007.

## Amortization of intangible assets

Any amortization of intangible assets was booked to the ordinary result. Taking a higher risk assessment of the market environment in France into account, impairment of associated organizations was booked under "Amortization of intangible assets" to the amount of CHF 53 million (previous year: CHF 23 million in extraordinary expenses) (Swiss GAAP ARR 30 / 13).

## Pension fund obligations

In terms of Swiss GAAP ARR, in the pension funds of the companies comprising the Coop Group there are no surpluses or deficits which require entry in the Group's consol-

idated annual accounts. There are no waivers of use or value impairment in the Employer Contribution Reserve (ECR). 84 million francs was used to finance the reduction of the pension conversion rate at the age of 65 from 6.9% to 6.4%. The amount was booked to extraordinary expenses (Additional notes to the consolidated financial statements).

The Coop Group assumes the costs of the occupational pension funds for all employees and their dependents in accordance with the corresponding regulations. The latter provide for benefits that go well beyond the statutory minimum under Swiss law. The contributions are included in personnel costs under "Social security contributions" (Additional notes to the consolidated financial statements).

## **Off-balance-sheet transactions**

The amounts stated in the group "Derivative financial instruments" contain all derivative financial instruments outstanding at the balance sheet date, measured at market value. These are recognized in the financial statements only on falling due. Unrealized losses are recognized in the income statement.

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 pre-determined price. For Dipl. Ing. Fust AG a buy option exists from 2013 to 2023 for 49.94 % of Service 7000 AG at a price geared to future earnings.

(Additional notes to the consolidated financial statements).

## **Special notes**

#### Miscellaneous expenses

The position "Miscellaneous expenses" mostly comprises transport costs. It also includes uncovered damage / losses on receivables, unscheduled closure costs, travel and representation costs and miscellaneous operating costs.

Results of associated organizations accounted for using the equity method

The share of the net result of the associated organizations amounts to CHF -16 million (year back CHF -15 million).

## Impairment

Owing to the refined calculation of the discounted earnings method, individual value adjustments were recognized for each of the property holdings to the amount of CHF 72 million (previous year; CHF 17 million) booked to extraordinary expenses (Swiss GAAP ARR 20 / 10).

## Taxes

Tax loss carry-forwards amounting to CHF 34 million (previous year: CHF 32 million) were not capitalized (Swiss GAAP ARR 11 / 11) (Note 16).

## Goodwill

The share of goodwill relating to associated organizations amounts to CHF 65 million (previous year: CHF 140 million) (Swiss GAAP ARR 30 / 69).

## Events after the balance sheet date

The Board of Directors approved the consolidated financial statements on 12 February 2008. They are also subject to approval by the Delegate Assembly on 24 April 2008 (Swiss GAAP ARR Framework/28).

Coop intends to take over the Carrefour outlets following Carrefour's withdrawal from the Swiss market. The Swiss Competition Commission has not yet approved the acquisition and is still in the process of examining the deal in detail. A purchase price of CHF 470 million was announced. 18 months after the first alliance between independent European retailers – Coopernic – was established, the five partner companies are investing in IKI Group in Lithuania. The European Competition Commission has not yet approved the purchase.

## Notes to the consolidated income statement

	CHF m	CHF m
	2007	2006
Net sales Food	9 591	9290
Net sales Non Food	6 221	5 4 9 5
1 Net sales from goods and services by division	15 812	14785
Suisse Romande Region	3 279	3026
Bern Region	2 146	2012
Nordwestschweiz Region	2 916	2777
Zentralschweiz-Zürich Region	3 436	3146
Ostschweiz-Ticino Region	2 880	2700
Headquarters / Production	1 155	1124
1 Net sales from goods and services	15 812	14 785
· · · · · · · · · · · · · · · · · · ·		
Other operating income	584	541
Operating rental income	149	146
Own work capitalized	1	2
Change in inventories of semi-manufactured and finished goods	4	-2
2 Other operating income	738	686
Wagaa / calarias	2 1 2 2	2065
Wages / salaries Social security contributions	- 2 132	- 2065 - 435
Social security contributions as %	21.1	21.1
Other personnel costs	- 115	- 98
3 Personnel costs	-2 698	- 2 598
	-2050	-2 550
Rent	- 488	- 460
Office and administrative costs	- 140	- 140
Charges and insurance premiums (non-life)	- 61	- 52
Operations-related taxes	- 13	- 22 - 224
Maintenance and replacement costs	- 254	- 224
Energy and supplies Miscellaneous expenses	- 327	- 292
4 Other operating expenses	- 1 520	-1427
4 Other operating expenses	- 1 520	-1427
Coodwill	100	57
Goodwill Other intensible accets	109 	- 57
Other intangible assets Amortization of intangible assets	- 138	- 30
Furniture, vehicles and machinery	- 138	
Real estate	- 330	- 278 - 319
Depreciation of tangible fixed assets	- 330	- 597
5 Depreciation and amortization	- 738	- 685
J Depreciation and amortization	- / 38	- 000

	CHF m	CHF m
	2007	2006
Gains on securities and dividends	58	40
Losses on securities	- 16	- 17
Net valuation gain/loss	42	24
Currency exchange gains	55	19
Currency exchange losses	- 50	- 18
Net currency exchange gain/loss	5	1
Other interest income	22	6
Interest and other financial expenses	- 92	- 85
Net interest income/expense	-70	- 78
6 Financial result	-23	- 54
	-23	- 54
Financial income	136	65
Financial expenses	- 159	- 119
6 Financial result	-23	- 54
Rental income	8	7
Gain on the disposal of fixed assets	35	72
Reversal of provisions no longer required		
Reversal of restructuring and integration provisions		0
Other non-operating income	2	5
Non-operating income	44	84
Creation of restructuring and integration provisions		
Creation of provisions		0
Non-operating expenses	- 12	- 40
Other non-operating property expenses	- 10	- 5
Non-operating expenses	- 22	- 44
7 Non-operating result	22	40
Extraordinary income		2
Extraordinary depreciation of intangible assets		- 23
Extraordinary depreciation of financial assets		
Extraordinary depreciation of tangible fixed assets		
Extraordinary depreciation of properties	- 72	- 17
Extraordinary expenses	- 86	- 37
8 Extraordinary result	- 158	- 75
Taxes on income	- 54	- 66
Deferred taxes on income	- 20	- 37
9 Taxes	-74	- 103

## Notes to the consolidated balance sheet

	CHF m	CHF m
	2007	2006
Cash	241	242
Reka cheques	21	17
Term deposits	53	21
10 Cash and cash equivalents	315	280
Receivables from goods and services	436	323
minus 1% allowance	- 4	- 3
Amount due from associated organizations	14	13
11 Receivables from goods and services	445	333
Other receivables	109	106
Prepayments to suppliers	19	16
Other receivables from associated organizations	26	3
12 Other short-term receivables	154	125
Prepayments and accrued income	215	182
Prepayments and accrued income, associated organizations	9	1
13 Prepayments and accrued income	224	183
Merchandise	1 650	1 3 6 0
Finished goods (production)	74	70
Semi-manufactured goods, work in progress	33	20
Raw materials	86	76
Supplies and packaging materials	17	15
Value adjustment on inventories	- 89	- 50
14 Inventories	1 771	1 4 9 1

	Goodwill	Patents /	Brands	Software	Other intan-	CHF m	CHF m
		Licenses			gible assets	2007	2006
Net carrying amount at 1.1	260	0	62	53	3	378	446
	105	-	440	4.0.0		707	
Cost at 1.1	485	2	119	122	68	797	779
Changes to scope of consolidation					1	1	
Investments	373		364	16	11	764	48
Disposals	- 1			- 7	- 9	- 17	- 23
Impact of changes in currency exchange rates				0	0	0	0
Reclassifications	3		0	- 0	- 1	2	- 7
Cost at 31.12	859	2	483	132	71	1 548	797
Accumulated amortization at 1.1	- 225	- 1	- 57	- 70	- 66	- 419	- 332
Changes to scope of consolidation					- 0	- 0	
Amortization	- 56	- 0	- 7	- 20	-1	- 85	- 88
Extraordinary depreciation	- 53					- 53	- 23
Accumulated amortization on disposals	1			7	9	17	17
Impact of changes in currency exchange rates				- 0		- 0	- 0
Reclassifications			- 0	- 0		- 1	7
Accumulated amortization at 31.12	- 333	- 2	- 64	- 84	- 58	- 542	- 419
15 Intangible assets at 31.12	526	0	419	48	13	1 006	378

	Employer	Financial	Other	Deferred	Associated	CHF m	CHF m
	contribution	assets held	financial	tax assets	organizations	2007	2006
	reserve	at banks	assets				
Net carrying amount at 1.1	96	0	298		60	454	413
Changes to scope of consolidation	7		0			7	
Additions	0	0	50		6	56	5
Disposals	- 84		-25		- 6	- 114	- 16
Value adjustments			3		- 23	- 20	- 15
Impact of changes in currency exchange rates		0	0			0	
Reclassifications							67
16 Financial assets at 31.12	20	0	326		38	384	455

Loans to associated organizations	223	194
Amounts secured by lien due from third parties	2	2
Loans to third parties	35	37
Other financial assets, third parties	66	65
Other financial assets	326	298

	Furniture /	Vehicles	IT	Plants and	CHF m	CHF m
	tools			machinery	2007	2006
Net carrying amount at 1.1	761	61	105	318	1 245	1 260
Cost at 1.1	1 488	148	298	859	2 7 9 2	2776
Changes to scope of consolidation	75	8	3	0	87	42
Investments	143	20	31	60	253	254
Disposals	- 112	-12	- 27	- 47	- 199	- 347
Impact of changes in currency exchange rates	0	0	0	0	0	1
Reclassifications	33	0	11	- 36	8	67
Cost at 31.12	1 626	163	316	837	2 941	2792
Accumulated depreciation at 1.1	-726	- 87	- 193	- 541	-1 548	-1516
Changes to scope of consolidation	- 38	- 4	- 2	- 0	- 45	- 36
Depreciation	- 151	-17	- 43	- 58	- 269	-278
Extraordinary depreciation						
Accumulated depreciation on disposals	112	11	27	46	196	340
Impact of changes in currency exchange rates	- 0	- 0	- 0	- 0	- 0	- 0
Reclassifications	- 24	1	- 2	42	17	- 58
Accumulated depreciation at 31.12	- 828	- 97	-212	- 512	- 1 649	- 1 5 4 8
17 Furniture, vehicles, machinery at 31.12	797	67	103	325	1 293	1 2 4 5

	Undeveloped	Installa-	Land and	Land and build.	CHF m	CHF m
	plots of land	tions	buildings	not used for	2007	2006
				op. purposes		
Net carrying amount at 1.1	54	988	5 266	92	6 400	6 6 7 0
Cost at 1.1	57	1 690	7 565	146	9 458	9 600
Changes to scope of consolidation			- 4		- 4	
Investments	0	111	190	1	303	383
Disposals	- 2	- 12	- 152	- 50	-216	- 521
Impact of changes in currency exchange rates	0	0	1	0	1	1
Reclassifications	- 12	- 54	- 124	194	5	- 6
Cost at 31.12	42	1 736	7 476	292	9 546	9458
Accumulated depreciation at 1.1	- 3	-702	- 2 299	- 54	- 3 058	-2931
Changes to scope of consolidation			- 5		- 5	
Depreciation	- 0	-110	-210	- 2	- 322	- 323
Extraordinary depreciation	- 2	- 0	- 69	- 16	- 87	- 17
Accumulated depreciation on disposals	0	11	70	20	101	215
Impact of changes in currency exchange rates	- 0	- 0	- 0	- 0	- 0	- 1
Reclassifications	0	20	33	- 84	- 31	- 3
Accumulated depreciation at 31.12	- 4	- 781	-2 482	- 137	- 3 403	-3058
18 Real estate at 31.12	39	955	4 995	155	6 1 4 3	6 400

Buildings under construction (included in "Land and buildings")	CHF m	CHF m
	2007	2006
Net counting amount of 1.1	61	121
Net carrying amount at 1.1	01	121
Cost at 1.1	61	121
Changes to scope of consolidation		
Investments	24	27
Disposals	- 3	- 3
Impact of changes in currency exchange rates	0	0
Capitalization	- 53	- 84
Reclassifications		
Cost at 31.12	29	61
Accumulated depreciation at 1.1		
Changes to scope of consolidation		
Depreciation		
Extraordinary depreciation		
Accumulated depreciation on disposals		
Reclassifications		
Accumulated depreciation at 31.12		
Buildings under construction at 31.12	29	61
Carrying amount of assets pledged to secure own commitments	259	524
Secured liabilities	31	133

	CHF m	CHF m
	2007	2006
Payables from goods and services	975	1016
Amount due to associated organizations	13	9
19 Payables from goods and services	988	1 0 2 5
Bank current accounts	14	19
Bank loans	515	165
Other short-term financial liabilities	299	32
Other short-term liabilities to associated organizations	1	14
Short-term portion of long-term financial liabilities	616	701
20 Short-term financial liabilities	1 445	932

Vouchers in circulation	13	25
Prepayments from customers	158	86
Other taxes	170	161
Other short-term liabilities	21	11
21 Other short-term liabilities, non-interest-bearing	361	284

	Pension	Restructur-	Supercard	Other	CHF m	CHF m
	funds	ings		provisions	2007	2006
Short-term provisions at 1.1	20	1	61	18	100	85
Changes to scope of consolidation						1
Creation of provisions	30	0	85	24	139	28
Use of provisions	- 24	- 1	- 61	- 10	- 96	- 11
Reversal of provisions no longer required	- 3			-1	- 4	- 3
Reclassifications	3	3		4	10	
Impact of changes in currency exchange rates						
22 Short-term provisions at 31.12	26	3	85	36	149	100

	CHF m	CHF m
	2007	2006
Accrued liabilities and deferred income	502	433
Accrued liabilities and deferred income, associated organizations	4	
23 Accrued liabilities and deferred income	505	433

				CHF m	CHF m
				2007	2006
Deposit and investment accou	unts			788	899
Medium-term notes				365	242
Coop 1999-	- 2009	4%	250		
Coop 2003 -	- 2008	2 <sup>3</sup> / <sub>4</sub> %	325		
Coop 2004 -	- 2011	2 <sup>3</sup> / <sub>4</sub> %	250		
Coop 2005-	-2012	<b>2</b> <sup>1</sup> / <sub>2</sub> %	250		
Coop 2007-	2010	3 <sup>1</sup> / <sub>8</sub> %	175		
Bonds				1 250	1 275
Bank Ioans				124	372
Mortgages				23	127
Other loans				155	151
Pension fund obligations				0	0
Short-term portion of long-te	rm financia	l liabilities		- 616	- 701
24 Long-term financial lia	bilities			2 089	2 365

	Pension	Restructur-	Deferred	Supercard	Other	CHF m	CHF m
	funds	ings	taxes		provisions	2007	2006
Long-term provisions at 1.1	64	3	598	182	83	929	835
Changes to scope of consolidation			21	- 0	2	23	23
Creation of provisions	3		28	56	34	121	225
Use of provisions	- 0		- 6	- 90	- 15	- 111	- 134
Reversal of provisions no longer required	- 4		2		- 2	- 4	- 21
Reclassifications	- 2	- 3		0	- 5	- 10	
Impact of changes in currency exchange rates			0		0	0	0
25 Long-term provisions at 31.12	61		642	148	97	948	929

	CHF m	CHF m
	2007	2006
Personnel	5	4
Value-added tax	53	59
Sales outlets	34	18
Legal cases	5	4
Miscellaneous	35	15
Other provisions (short- and long-term)	132	101
Other provisions short-term	36	18
Other provisions long-term	97	83
Other provisions (short- and long-term)	132	101
Short-term financial liabilities	1 445	932
Long-term financial liabilities	2 089	2 365
Financial liabilities	3 534	3 2 9 7
Non-interest-bearing liabilities	2 952	2771
26 Liabilities	6 486	6 0 6 8
Financial liabilities	3 534	3 2 9 7
Cash and cash equivalents	- 315	- 280
Net financial liabilities	3 2 1 9	3017

## Notes to the consolidated cash flow statement

		CHF m 2007		CHF m 2006
Investments in intangible assets	- 24		- 34	
Investments in furniture, vehicles, machinery	- 253		-254	
Investments in real estate	- 302		-359	
Own work	-1	- 580	- 2	- 648
Disposals of intangible assets	0		5	
Disposals of furniture, vehicles, machinery	3		7	
Disposals of real estate	149	152	378	390
Net investment in tangible fixed assets		- 427		- 258
Investments in participating interests	- 973		-70	
Investments in financial assets / securities	- 86	- 1 059	- 10	- 80
Disposals of participating interests	14			
Disposals of financial assets / securities	121		27	
Reclassifications financial assets / securities		135	- 67	- 40
27 Cash flow / drain from investing activities		-1351		- 377
Investments in intangible assets	- 24		- 34	
Investments in furniture, vehicles, machinery	- 253		-254	
Investments in real estate	- 302		-359	
Investments in participating interests	- 973		-70	
Investments in financial assets / securities	- 86		- 10	
Own work	-1	- 1 638	- 2	- 728
Disposals of intangible assets	0		5	
Disposals of furniture, vehicles, machinery	3		7	
Disposals of real estate	149		378	
Disposals of participating interests	14			
Disposals of financial assets / securities	121	287	27	418
Reclassifications financial assets / securities				- 67
27 Cash flow / drain from investing activities		-1351		- 377
Further essential information according to Swiss GAAP FER 4/7				
Outflow regarding interests		84		85
Inflow regarding interacts		27		22

Outflow regarding interests	04	05
Inflow regarding interests	37	23
Inflow regarding income from investments	10	3
Outflows regarding taxes	34	22

## Additional notes to the consolidated financial statements

Imployer contribution reserve (ECR)         water         31122007         31122007         2007         2007           Parinonge funds / patronage pension funds         12         12         22         10         -           ECR         20         98         84         -         <						
Patonage funds / patonage pension funds         12         12         12         12         12         12         13	Pension fund obligations	Nominal	Balance	Balance	Change	s in expense
Pension funds         7         7         74         73            ECR         20         20         96         84            Surplus / deficit         1         12         10         1         12	Employer contribution reserve (ECR)	value	31.12.2007	31.12.2006	2007	2006
ECR         20         20         96         84            Surplus / deficit         1         12         10         1         12         10         1         12         10         1         12         10         1         12         10         1         12         10	Patronage funds / patronage pension funds	12	12	22	10	
Surplus / deficit Patronage funds / patronage pension funds Pension funds without surplus / deficit Patronage funds / patronage pension funds Pension funds with surplus Commit benefit / economic obligation and pension fund expenses  Currency contributions Commitments from long-term rental and right-to-build agreements broken down by term 2007 2007  Commitments from long-term rental and right-to-build agreements broken down by term 2007 2008 2011-2013 2013 2014 2015 2015 2015 2015 2015 2015 2015 2015	Pension funds	7	7	74	73	- 1
Pationage funds / patronage pension funds       1 </td <td>ECR</td> <td>20</td> <td>20</td> <td>96</td> <td>84</td> <td>-1</td>	ECR	20	20	96	84	-1
Pationage funds / patronage pension funds       1 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Pension funds with surplus / deficit       3       10       2       182       182         Pension funds with surplus       3       10       2       1         Economic benefit / economic obligation and pension fund       4       21       194       182         expenses       4       21       194       182       182         conomic benefit / economic obligation and pension fund       5       2007       2007         Contributions to pension funds       5       77       5       2007       2000         Contributions to pension funds       85       77       5       1144       182         Statutory employee contributions       85       77       6       11       184       182         Pension fund obligations       0<			_			
Pension funds with surplus         3         10         2         1           Economic benefit/economic obligation and pension fund         4         21         194         18           Economic benefit/economic obligation and pension fund         -			1	12		0
Economic benefit / economic obligation and pension fund       4       21       194       18-         expenses       CHF m       CHF m       2007       200         Contributions to pension funds       85       7.         Statutory employee contributions       85       7.         Guarantees       8       85       7.         Bank guarantees in favour of third parties       42       2       2         Fire insurance values       11788       1164       1164         2007       2008       443       400       400         2009       443       400       443       400         2009       446       900       2022       171.         Currency conversion       2022       171.       2007         Yaar-end rates for the balance sheet       2007       2007       2007         Yaar-end rates for the balance sheet       11.125       1229       127         Yaar-end rates for the balance sheet						182
expenses         4         21         194         18.           Contributions to pension funds         CHF m         CHF m         2007         2000           Contributions to pension funds         Statutory employee contributions         Statutory employee contributions			3	10	2	2
CHF m       CHF m       CHF m       CHF m       2007       2000         Contributions to pension funds       85       77         Statutory employee contributions       85       77         Statutory employer contributions       85       77         Guarantees       0       0         Bank guarantees in favour of third parties       42       2         Fire insurance values       11788       1164         Tangible fixed assets       11788       1164         2009       428       400         2009       429       37         2010       406       390         2011-2013       946       900         >2013       2022       1717         Currency conversion       2007       2007         Year-end rates for the balance sheet       1125       1501         US1       1125       1220       1717         Varend rates for the balance sheet       1125       1220         US1       1125       1220       11718         US1       1125       1220       1220         JVY 100       1001       1033       016         Average rates for the income statement       11464       153	Economic benefit / economic obligation and pension fund					
Contributions to pension funds8577Statutory employee contributions8577Statutory employer contributions184184Pension fund obligations01of which secured by lien422Guarantees422Fire insurance values11178811164Tangible fixed assets11178811164200720074293720074293720082011-20134462009201217120132022171Currency conversion20072007Year-end rates for the balance sheet20072000USD11112516111115516111112511111125122GBP 12260239JPV 10010101031Average rates for the par for the income statement1645USD111441444Q1512124Q2052260239JPV 10010101031Average rates for the year for the income statement1645USD111441424Q208231Q2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260 <td>expenses</td> <td></td> <td>4</td> <td>21</td> <td>194</td> <td>184</td>	expenses		4	21	194	184
Contributions to pension funds8577Statutory employee contributions8577Statutory employer contributions184184Pension fund obligations01of which secured by lien422Guarantees422Fire insurance values11178811164Tangible fixed assets11178811164200720074293720074293720082011-20134462009201217120132022171Currency conversion20072007Year-end rates for the balance sheet20072000USD11112516111115516111112511111125122GBP 12260239JPV 10010101031Average rates for the par for the income statement1645USD111441444Q1512124Q2052260239JPV 10010101031Average rates for the year for the income statement1645USD111441424Q208231Q2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260Z2092260 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Contributions to pension fundsStatutory employee contributions8577Statutory employee contributions88577Statutory employee contributions184184Pension fund obligations of which secured by lien00Guarantees Bank guarantees in favour of third parties422Fire insurance values Tangible fixed assets1178811642007 2007 2009429372010 2011-2013 2013 2013426392011-2013 2013 201320022007Currency conversion The following exchange rates were used for the purposes of converting financial statements in foreign currencies2007Vear-end rates for the balance sheet EUR11.6551.611HKD1 USD1 USD11.2222.200JPY 100 Average rates for the par for the income statement EUR11.6451.57HKD1 USD1 USD11.6451.57HKD1 USD11.6451.57HKD1 USD12.2382.238USD1 USD12.2382.238USD1 USD12.2382.238USD1 USD11.2422.238USD1 USD11.2453.016USD1 USD11.2422.238USD1 USD12.2382.238USD12.2382.238USD12.2382.238USD12.2382.238USD12.2382.238USD12.2382.238USD12.2382.238US					CHF m	CHF m
Statutory employee contributions8577Statutory employer contributions184184Pension fund obligations of which secured by lien01Guarantees Bank guarantees in favour of third parties422Fire insurance values Tangible fixed assets11178811164Commitments from long-term rental and right-to-build agreements broken down by term 200743840020094384003992011 - 2013946900900> 201320021171.11155Currency conversion The following exchange rates were used for the purposes of converting financial statements in foreign currencies: Vear-end rates for the balance sheet20072007EUR 11.6551.6111.1551.611HKD 10.1450.1551.611HKD 10.1450.1551.611HKD 10.1450.1551.611HKD 10.1450.1551.611HKD 10.1450.1551.611HKD 10.1450.1551.611HKD 10.1450.1551.611HKD 10.1450.1531.010JP 1001.0101.0101.013Average rates for the guar for the income statement EUR 11.6461.57HKD 11.1241.6461.57HKD 11.1241.124QBP 12.2802.382.31QU 12.392.311.124QU 21.1251.2222.39 <td></td> <td></td> <td></td> <td></td> <td>2007</td> <td>2006</td>					2007	2006
Statutory employee contributions8577Statutory employer contributions184184Pension fund obligations01of which secured by lien422Guarantees422Bank guarantees in favour of third parties422Fire insurance values117881164Tangible fixed assets1178811642007438400200942937201043840020094293720104063992011-2013946900> 20132002171Vear-end rates for the balance sheet2007Year-end rates for the balance sheet2007USD 111551511HKD 1101451015USD 122602239JPY 100100100Average rates for the income statement1546EUR 11546157HKD 11546157HKD 11546157HKD 11546157HKD 11546157HKD 11546157HKD 11546157HKD 11546157HKD 111541546USD 11553161USD 11553161USD 11533016USD 11533016USD 1154157HKD 1154157HKD 1154157USD						
Statutory employer contributions184188Pension fund obligations of which secured by lien00Guarantees Bank guarantees in favour of third parties422Fire insurance values Tangibe fixed assets117881164020071178811640200842937720104669962011-201394690020139469002013202171Currency conversion The following exchange rates were used for the purposes of converting financial statements in foreign currencias USD 11655111116551611HKD 11052020201120620202011201020102011201020102011201020102011201020102011201020102011201020102011201020102011201020102011201020102011201020102011201020102011201020102011201020102012201120102013201020102014202020202015201020102016202020202017201020102018201020102019201020102010201020102011201					05	76
Pension fund obligations of which secured by lien00Guarantees Bank guarantees in favour of third parties422Fire insurance values Tangible fixed assets1178811640Commitments from long-term rental and right-to-build agreements broken down by term 2007438 43844102008 20104438 406439 3072010 2011-2013406 9046399 9046399 90462011-2013 201320072007Currency conversion The following exchange rates were used for the purposes of converting financial statements in foreign currencies: Year-end rates for the balance sheet2007 2007EUR 1 HKD1 USD11655 1651 11251222 1226 1226 1239 10101037 1262Purp 10 Naverage rates for the income statement EUR 1 HKD1 USD11646 157 1530 1545157 1546 1545EUR 1 HKD1 USD11646 157 1550157 1530 1546157 1546 1545EUR 1 HKD1 USD11646 157 1545157 1546 1545EUR 1 HKD1 USD11144 1424 14461446 157 1453EUR 1 HKD1 USD11144 23982311 2311						79
of which secured by lienImage: Constraint of the partiesImage: Constraint of the partiesBank guarantees in favour of third parties422Fire insurance values11 78811 64Tangible fixed assets11 78811 64Commitments from long-term rental and right-to-build agreements broken down by term11 788411200720074484002009449377377201040690034292011-201340690020222011-201320021711Vear-end rates for the balance sheet16551511EUR 1165515111515UKD11014510151512USD1226023032260JPY 100200510101033Average rates for the income statement1646157UKD1105111251224GBP 110541154155UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1101410141014UKD1	Statutory employer contributions				184	183
of which secured by lienImage: Constraint of the partiesImage: Constraint of the partiesBank guarantees in favour of third parties422Fire insurance values11 78811 64Tangible fixed assets11 78811 642007200743840020094493772010446900> 20132022171201420221712015202217120172007200720182011201120192011201	Pension fund obligations				0	0
Bank guarantees in favour of third parties422Fire insurance values11 78811 64Tangible fixed assets11 78811 64200743840020084384002009449372010446392011-201344690> 20132002111Currency conversion2007Che following exchange rates were used for the purposes of converting financial statements in foreign currencies2007Vear-end rates for the balance sheet116551.611HKD11.1251.222GBP 11.0011.0101001.0101.011Average rates for the year for the income statement1.646EUR 11.6461.57HKD11.144USD11.1341.144GBP 11.1441.144GBP 1 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Bank guarantees in favour of third parties422Fire insurance values11 78811 64Tangible fixed assets11 78811 64200743840020084384002009449372010446392011-201344690> 20132002111Currency conversion2007Che following exchange rates were used for the purposes of converting financial statements in foreign currencies2007Vear-end rates for the balance sheet116551.611HKD11.1251.222GBP 11.0011.0101001.0101.011Average rates for the year for the income statement1.646EUR 11.6461.57HKD11.144USD11.1341.144GBP 11.1441.144GBP 1 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>						
Fire insurance values         11788         1164           Tangible fixed assets         11788         1164           Commitments from long-term rental and right-to-build agreements broken down by term         438         400           2007         438         400           2009         429         379           2010         406         390           2011-2013         946         900           >2013         2002         171           Currency conversion         2007         2007           The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         2007           Year-end rates for the balance sheet         11655         1651           EUR 1         1655         1651           HKD1         0.145         0.152           USD1         1.125         1.226           JPY 100         1.010         1.033           Average rates for the year for the income statement         1.646         1.57           UKD1         0.153         0.165         0.153           USD1         0.153         0.164         1.57           UKD1         0.153         0.164         1.57           UKD1         0.153						
Tangible fixed assets         11 788         11 788         11 64           Commitments from long-term rental and right-to-build agreements broken down by term         4         4         4           2007         4 <td>Bank guarantees in favour of third parties</td> <td></td> <td></td> <td></td> <td>42</td> <td>27</td>	Bank guarantees in favour of third parties				42	27
Commitments from long-term rental and right-to-build agreements broken down by term         Image: Commitment form long-term rental and right-to-build agreements broken down by term           2007         448         400           2008         448         400           2009         429         377           2010         406         399           2011-2013         946         900           >2013         2 002         171           Currency conversion         2007         2007           The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         2007           Year-end rates for the balance sheet         1         1           EUR 1         1.655         1.611           HKD1         0.145         0.153           USD1         1.2260         2.399           JPY 100         1.010         1.030           Average rates for the year for the income statement         1         1046           USD1         0.153         0.166	Fire insurance values					
2007         438         400           2008         429         37           2010         406         39           2011-2013         946         900           > 2013         2 022         1 71           Currency conversion         2007           Vear-end rates for the balance sheet           EUR 1         1.655         1.611           HKD 1         0.145         0.155           USD 1         1.125         1.220           GBP 1         2.260         2.393           Average rates for the year for the income statement         1.001           USD 1         1.010         1.010           USD 1         1.0153         0.016           USD 1         1.014         1.124           GBP 1         2.398         2.311	Tangible fixed assets				11 788	11 640
2007         438         400           2008         429         37           2010         406         39           2011-2013         946         900           > 2013         2 022         1 71           Currency conversion         2007           Vear-end rates for the balance sheet           EUR 1         1.655         1.611           HKD 1         0.145         0.155           USD 1         1.125         1.220           GBP 1         2.260         2.393           Average rates for the year for the income statement         1.001           USD 1         1.010         1.010           USD 1         1.0153         0.016           USD 1         1.014         1.124           GBP 1         2.398         2.311						
2007         438         400           2008         429         37           2010         406         39           2011-2013         946         900           > 2013         2 022         1 71           Currency conversion         2007           Vear-end rates for the balance sheet           EUR 1         1.655         1.611           HKD1         0.145         0.155           USD1         1.125         1.220           GBP 1         2.260         2.303           Average rates for the year for the income statement         1.001           USD1         1.010         1.010           JPY 100         1.010         1.010           Average rates for the year for the income statement         1.646           USD1         0.153         0.016           USD1         1.194         1.244           GBP 1         2.398         2.311	Commitments from long-term rental and right-to-build agree	nants hrakaı	n down hy tei	m		
2008         438         400           2009         429         379           2010         406         390           2011-2013         946         900           >2013         2 022         171           Currency conversion         2007           Curend rates for the balance sheet         2007 </td <td></td> <td>incling broker</td> <td>i down by cer</td> <td></td> <td></td> <td>/10</td>		incling broker	i down by cer			/10
2009         429         37           2010         406         39           2011-2013         946         900           >2013         2 022         1 71           Currency conversion         2 007           The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         2007           Year-end rates for the balance sheet         2007         2000           EUR 1         1.655         1.611           HKD 1         0.145         0.155           USD 1         1.125         1.224           GBP 1         2.260         2.398           JPY 100         1.010         1.031           Average rates for the year for the income statement         1.646         1.577           HKD 1         0.153         0.166         1.577           USD 1         1.194         1.244         0.153           QUSD 1         0.153         0.166         1.577           HKD 1         0.153         0.166         1.577           USD 1         1.194         1.244         0.393           QUS 1         1.194         1.244         0.393           QUS 1         1.194         2.3					138	
2010         406         399           2011-2013         946         900           >2013         2002         1714           Currency conversion         2007           Currency conversion         2007           Currency conversion         2007           The following exchange rates were used for the purposes of converting financial statements in foreign currencies:           Year-end rates for the balance sheet         1.655         1.610           EUR 1         1.655         1.610           HKD1         0.145         0.145           USD1         1.125         1.220           GBP 1         2.260         2.390           JPY 100         1.010         1.030           Average rates for the year for the income statement         1.646         1.577           EUR 1         1.646         1.577           HKD1         0.153         0.160           USD1         1.194         1.244           GBP 1         2.398         2.311						
2011 - 2013       946       900         > 2013       2 022       1 71         Currency conversion         2007       2007         The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         Year-end rates for the balance sheet       2007         EUR 1       1.655       1.610         HKD1       0.145       0.145         USD 1       1.125       1.220         GBP 1       2.260       2.390         JPY 100       1.010       1.033         Average rates for the year for the income statement       1         EUR 1       1.646       1.577         HKD1       0.153       0.164         USD 1       0.153       0.164         USD 1       1.194       1.244         GBP 1       2.398       2.311						
> 2013       2 022       1 71.         Currency conversion       2007       2007         The following exchange rates were used for the purposes of converting financial statements in foreign currencies:       2007         Year-end rates for the balance sheet       1.655       1.617         EUR 1       1.655       1.617         HKD 1       0.145       0.145         USD 1       1.125       1.220         GBP 1       2.260       2.399         JPY 100       1.010       1.031         Average rates for the year for the income statement       1.646       1.577         HKD 1       0.153       0.164         USD 1       1.194       1.244         GBP 1       1.194       2.398       2.311						
Currency conversion         2007         2007           The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         1.655         1.610           Year-end rates for the balance sheet         1.655         1.610         1.615           EUR 1         0.145         0.145         0.153           USD 1         0.145         0.126         2.260           JPY 100         1.010         1.030           Average rates for the year for the income statement         1.646         1.577           HKD 1         0.153         0.166         1.577           JPK 10         0.153         0.161         0.153           Average rates for the year for the income statement         1.124         0.153           EUR 1         1.646         1.577         0.153         0.166           USD 1         0.153         0.164         1.574           GBP 1         1.234         2.398         2.311						
The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         Year-end rates for the balance sheet           EUR 1         1.655         1.610           HKD1         0.145         0.145           USD 1         1.125         1.220           GBP 1         2.260         2.390           JPY 100         1.010         1.031           Average rates for the year for the income statement         1.646         1.577           HKD1         0.153         0.166           USD 1         1.124         1.244           GBP 1         1.194         1.244           GBP 1         3.398         3.311	>2013				2 0 2 2	1714
The following exchange rates were used for the purposes of converting financial statements in foreign currencies:         Year-end rates for the balance sheet           EUR 1         1.655         1.610           HKD1         0.145         0.145           USD 1         1.125         1.220           GBP 1         2.260         2.390           JPY 100         1.010         1.031           Average rates for the year for the income statement         1.646         1.577           HKD1         0.153         0.166           USD 1         1.124         1.244           GBP 1         1.194         1.244           GBP 1         3.398         3.311						
Year-end rates for the balance sheet         1.655         1.614           EUR 1         1.655         1.614         0.145         0.145         0.153           HKD 1         0.145         0.145         0.153         0.260         2.394           USD 1         0.0         1.010         1.034         0.135         0.135           JPY 100         100         1.034         1.010         1.034           Average rates for the year for the income statement         1.646         1.577           HKD 1         0.153         0.164           USD 1         0.153         0.164           USD 1         1.194         1.244           GBP 1         2.398         2.315					2007	2006
EUR 1       1.655       1.614         HKD 1       0.145       0.145         USD 1       1.125       1.224         GBP 1       2.260       2.394         JPY 100       1.010       1.034         Average rates for the year for the income statement       1.646       1.577         HKD 1       0.153       0.164         USD 1       1.944       1.944         GBP 1       2.398       2.315		ancial stateme	ents in foreign	currencies:		
HKD1       0.145       0.153         USD1       1.125       1.224         GBP 1       2.260       2.394         JPY 100       1.010       1.034         Average rates for the year for the income statement       1.646       1.577         EUR 1       1.646       1.577         HKD1       0.153       0.164         USD1       1.194       1.244         GBP 1       2.398       2.315						
USD 1         1.125         1.220           GBP 1         2.260         2.390           JPY 100         1.010         1.030           Average rates for the year for the income statement         1         1           EUR 1         1.646         1.577           HKD 1         0.153         0.160           USD 1         1.194         1.244           GBP 1         2.398         2.311						1.610
GBP 1         2.260         2.390           JPY 100         1.010         1.030           Average rates for the year for the income statement         1.010         1.030           EUR 1         1.646         1.577           HKD 1         0.153         0.160           USD 1         1.194         1.244           GBP 1         2.398         2.311	HKD1				0.145	0.158
JPY 100         1.010         1.030           Average rates for the year for the income statement						1.220
Average rates for the year for the income statement         1.646         1.57           EUR 1         1.646         1.57           HKD 1         0.153         0.160           USD 1         1.194         1.244           GBP 1         2.398         2.312	GBP 1					2.390
EUR 1       1.646       1.57         HKD 1       0.153       0.160         USD 1       1.194       1.24         GBP 1       2.398       2.31					1.010	1.030
HKD1         0.153         0.160           USD1         1.194         1.240           GBP1         2.398         2.311						
USD 1 1.194 1.24 GBP 1 2.398 2.31						1.577
GBP 1 2.398 2.312	HKD1				0.153	0.160
	USD 1				1.194	1.248
						2.312
JPY 100 1.016 1.07	JPY 100				1.016	1.076

Outstanding derivatives         CHF m         CHF	Off-balance-sheet transaction	<b>1S</b> Purpose	Con	tract values		Assets		Liabilities
2007       2006       2007       2006       2007       2006         Foreign exchange       Hedging / Trading       150       79       0       1       1       0         Equity instruments       Other purposes       109       100       2007       2006       2007       2006         Related party transactions (included in the income statement)       CHF m       CHF m       CHF m       CHF m         Equity method-accounted companies:       2007       2006       2007       2006         Net sales       1889       166       4       4         Operating rental income       23       11       11       8         Merchandise expense       126       1000       11       10         Office and administrative costs       5       3       2       11       10         Advertising costs       3       2       1       5       3       2       11       10         Nost significant components of acquired organizations       3       2       47       7       7       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1       1					CHF m		CHF m	
Foreign exchange       Hedging / Trading       150       79       1       1       0         Equity instruments       Other purposes       109       100       0       1       1       0         Equity instruments       Other purposes       109       100       0       1       1       0         Equity instruments       Other purposes       665       311       2       5       1       3         Related party transactions (included in the income statement)       Equity method-accounted companies:       2007       2005         Net sales       189       166       4       4         Operating rental income       11       8       4       4         Other operating income       11       11       10       11 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>								
Interest rates Hedging / Trading 100 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			2007	2000	2007	2000	2007	2000
Interest rates         Hedging / Trading         0         0           Equity instruments         Other purposes         109         100         2         5         1         3           Related party transactions (included in the income statement)         CHF m         CHF m         CHF m         2007         2005           Net sales         0         109         100         2         5         1         3           Operating rental income         2007         2007         2007         2007         2007         2005           Net sales         189         166         0perating rental income         4         4         4         4         4         4         4         4         4         11         18         11         10         11         10         10         11         10         10         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         10         11         11         11         11         11	Foreign exchange	Hedging	150	79		1	1	0
Equity instruments         Other purposes         109         100           Other underlying assets         Hedging         665         311         2         5         1         3           Related party transactions (included in the income statement)         CHF m         CHF m         2007         2006           Net sales         109         166         2007         2006         2007         2006           Operating rental income         189         166         4					0			
Other underlying assets       Hedging       665       311       2       5       1       3         Related party transactions (included in the income statement)       CHF m       CHF m       CHF m       2005         Net sales       2005       2005       2005       2005       2005         Net sales       189       166       4       <	Equity instruments		109	100				
Related party transactions (included in the income statement)       CHF m       CHF m         Equity method-accounted companies:       2007       2006         Net sales       189       166         Operating rental income       4       4         Other operating income       23       111         Interest income       11       8         Merchandise expense       126       100         Office and administrative costs       5       3         Fees       11       10         Advertising costs       3       2         Most significant components of acquired organizations       1       5         Most significant components of acquired organizations       47       47         Payables from goods and services       18       11         Dipl. Ing. Fust AG:       18       18         Dipl. Ing. Fust AG:       202       18         Inventories       202       18         Short-term liabilities, non-interest-bearing       151       18         Most significant components of sold organizations       202       15         Most significant components of sold organizations       202       15         Most significant components of sold organizations       202       15		Hedging	665	311	2	5	1	3
Equity method-accounted companies:       2007       2006         Net sales       189       166         Operating rental income       23       11         Interest income       23       11         Interest income       11       8         Merchandise expense       126       100         Office and administrative costs       5       3         Fees       11       10         Advertising costs       3       2         Miscellaneous expenses       11       5         Most significant components of acquired organizations       1       5         AX4 Holding AG:       11       11       11         Inventories       4       4       4         Payables from goods and services       11       5         Dipl. Ing. Fust AG:       202       11         Inventories       202       18         Pipl. Ing. Fust AG:       46       15         Inventories       202       15         Fixed assets       46       15         Short-term liabilities, non-interest-bearing       15       15         Most significant components of sold organizations       15       15         Complexe de Chéne-Bourg								
Net sales       189       166         Operating rental income       23       11         Interest income       11       8         Merchandise expense       126       100         Office and administrative costs       5       3         Fees       11       10         Advertising costs       3       2         Miscellaneous expenses       11       10         Advertising costs       3       2         Miscellaneous expenses       1       10         Advertising costs       3       2         Miscellaneous expenses       1       10         Advertising costs       3       2         Most significant components of acquired organizations       47         AX4 Holding AG:       47         Inventories       47         Payables from goods and services       6         Real estate       202         Fixed assets       202         Fixed assets       46         Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations       6         Complexe de Chêne-Bourg SA (A, C and D):       6	Related party transactions (ir	ncluded in the income	statement)				CHF m	CHF m
Operating rental income44Other operating income2311Interest income21311Interest income126100Office and administrative costs53Fees1110Advertising costs32Miscellaneous expenses13Most significant components of acquired organizations11AX4 Holding AG: Inventories44Inventories44Inventories44Inventories66Real estate2026Short-sers2021Fixed assets465Short-sers151151Complexe de Chêne-Bourg SA (A, C and D):55	Equity method-accounted cor	mpanies:					2007	2006
Other operating income2311Interest income118Merchandise expense126100Office and administrative costs53Fees1110Advertising costs32Miscellaneous expenses15Most significant components of acquired organizations7AX4 Holding AG:7Inventories4Payables from goods and services1CI Tessin AG:6Loans6Real estate202Fixed assets46Short-iterm liabilities, non-interest-bearing151Complexe de Chêne-Bourg SA (A, C and D):5							189	166
Interest income 11 8 Archandise expense 126 100 Office and administrative costs 5 3 Fees 11 10 Advertising costs 11 10 Advertising costs 11 5 Most significant components of acquired organizations AX4 Holding AG: Inventories AG: Loans AG							4	4
Merchandise expense126100Office and administrative costs53Fees1110Advertising costs32Miscellaneous expenses15Most significant components of acquired organizations-AX4 Holding AG: InventoriesInventories47Payables from goods and services11Cl Tessin AG: Loans-Dipl. Ing. Fust AG: Inventories202Fixed assets46Short-term liabilities, non-interest-bearing151Most significant components of sold organizations-Most significant components of sold organizations-Most significant components of sold organizations-Most significant components of sold organizations-Complexe de Chêne-Bourg SA (A, C and D):-							23	11
Office and administrative costs53Fees1110Advertising costs32Miscellaneous expenses15Most significant components of acquired organizations7AX4 Holding AG: Inventories4Inventories4Payables from goods and services1CI Tessin AG: Loans6Dipl. Ing. Fust AG: Inventories202Fixed assets46Short-term liabilities, non-interest-bearing151Most significant components of sold organizations5	Interest income						11	8
Fees1110Advertising costs32Miscellaneous expenses15Most significant components of acquired organizations1AX4 Holding AG: Inventories4Inventories4Payables from goods and services1CI Tessin AG: Loans6Real estate6Dipl. Ing. Fust AG: Inventories202Fixed assets46Short-term liabilities, non-interest-bearing151Most significant components of sold organizations5Complexe de Chène-Bourg SA (A, C and D):5	Merchandise expense						126	100
Advertising costs32Miscellaneous expenses15Most significant components of acquired organizations7AX4 Holding AG: Inventories47Payables from goods and services47CI Tessin AG: Loans6Real estate6Dipl. Ing. Fust AG: Inventories202Fixed assets46Short-term liabilities, non-interest-bearing151Most significant components of sold organizations5Complexe de Chêne-Bourg SA (A, C and D):5	Office and administrative costs						5	3
Miscellaneous expenses       1       5         Most significant components of acquired organizations							11	10
Most significant components of acquired organizations          AX4 Holding AG:          Inventories       47         Payables from goods and services       11         CI Tessin AG:          Loans       6         Real estate       18         Dipl. Ing. Fust AG:       202         Inventories       202         Fixed assets       46         Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations          Complexe de Chêne-Bourg SA (A, C and D):							3	2
AX4 Holding AG: Inventories Payables from goods and services CI Tessin AG: Loans Real estate Dipl. Ing. Fust AG: Inventories Short-term liabilities, non-interest-bearing Most significant components of sold organizations Complexe de Chêne-Bourg SA (A, C and D):	Miscellaneous expenses						1	5
AX4 Holding AG: Inventories Payables from goods and services CI Tessin AG: Loans Real estate Dipl. Ing. Fust AG: Inventories Short-term liabilities, non-interest-bearing Most significant components of sold organizations Complexe de Chêne-Bourg SA (A, C and D):								
Inventories44Payables from goods and services11CI Tessin AG: Loans6Real estate6Dipl. Ing. Fust AG: Inventories202Fixed assets46Short-term liabilities, non-interest-bearing151Most significant components of sold organizations5Complexe de Chêne-Bourg SA (A, C and D):5	Most significant components	of acquired organizati	ons					
Payables from goods and services11Cl Tessin AG: Loans Real estate								
CI Tessin AG:       1000000000000000000000000000000000000								
Loans6Real estate18Dipl. Ing. Fust AG: Inventories202Fixed assets202Fixed assets46Short-term liabilities, non-interest-bearing151Most significant components of sold organizations151Complexe de Chêne-Bourg SA (A, C and D):151	Payables from goods and service	es						11
Real estate       18         Dipl. Ing. Fust AG:       202         Inventories       202         Fixed assets       46         Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations       151         Complexe de Chêne-Bourg SA (A, C and D):       151	CI Tessin AG:							
Dipl. Ing. Fust AG:       202         Inventories       202         Fixed assets       46         Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations	Loans							6
Inventories       202         Fixed assets       46         Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations       151         Complexe de Chêne-Bourg SA (A, C and D):       151	Real estate							18
Fixed assets       46         Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations       151         Complexe de Chêne-Bourg SA (A, C and D):       151	Dipl. Ing. Fust AG:							
Short-term liabilities, non-interest-bearing       151         Most significant components of sold organizations       151         Complexe de Chêne-Bourg SA (A, C and D):       151								
Most significant components of sold organizations Complexe de Chêne-Bourg SA (A, C and D):								
Complexe de Chêne-Bourg SA (A, C and D):	Short-term liabilities, non-intere	st-bearing					151	
	Most significant components	of sold organizations						
Real estate -14	Complexe de Chêne-Bourg SA (A	A, C and D):						
	Real estate						- 14	

## Scope of consolidation

at 31.12.2007		Interest held by	Share capital	Method of
		the Group	31.12.2007	inclusion <sup>1</sup>
		%	in CHF m	
Соор	Basel			
Alcoba Distribution SA	F-Strasbourg	50.00	€ 3.0	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	<b>29.80</b> <sup>2</sup>	2.4	E
Frigo St. Johann AG	Basel	100.00	2.0	F
GWI 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	0.3	E
Betty Bossi Verlag AG	Zürich	50.00	0.2	E
BG Rosengarten Solothurn AG	Solothurn	62.00	0.1	F
CAG Verwaltungs AG	Basel	100.00	1.0	F
Centre de formation «du Leman»	Jongny	100.00	0.0	F
Coop Bildungszentrum	Muttenz	100.00	0.4	F
Coop Immobilien AG	Bern	100.00	855.4	F
Coop-ITS-Travel AG	Wollerau	50.00	0.5	E
Coop Mineraloel AG	Allschwil	51.00	10.0	F
Tanklager Rothenburg AG	Rothenburg	33.33	1.7	E
Coop Switzerland Far East Ltd.	HK-Hongkong	100.00	0.0	F
Coop Vitality AG	Bern	51.00	5.0	F
Coopernic SCRL	<b>B-Bruxelles</b>	20.00	0.8	E
Dipl. Ing. Fust AG	Oberbüren	100.00	10.0	F
Service 7000 AG	Netstal	50.10	1.6	F
Eurogroup SA	<b>B-Bruxelles</b>	50.00	0.2	E
Eurogroup Far East Ltd.	HK-Hongkong	33.30	0.0	E
HiCoPain AG	Dagmersellen	40.00	20.0	E
netto24 AG	Baar-Sihlbrugg	100.00	0.1	F
Panflor AG	Zürich	100.00	0.1	F
PG Immobilien SA	Basel	100.00	2.5	F
Swisscare GmbH	D-Konstanz	100.00	€ 0.0	F
Toomax-x Handelsgesellschaft m.b.H. in liquidation	A-Klosterneuburg	25.00	0.3	E
Toomax-x Handelsgesellschaft m.b.H.	D-Köln	25.00	0.3	E
transGourmet Schweiz AG	Basel	50.00	66.5	E
Grossopanel AG	Stans	39.80	0.1	E
Prolix Informatik AG	Thun	30.00	0.1	E
REWE-Informations-Systeme Schweiz AG	Volketswil	100.00	0.1	F
Valentin Pontresina AG	Pontresina	50.00	0.2	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	€ 206.8	F
Tropenhaus Frutigen AG	Frutigen	40.00	5.0	E
Tropenhaus Wolhusen AG	Gettnau	40.00	3.3	E
TT Immobilien AG	Oberentfelden	100.00	10.0	F
Waro AG	Basel	100.00	0.1	F

F = Fully consolidated company
 E = Company consolidated by the equity method
 Proportion of capital of the shares in circulation

# PRICEWATERHOUSE COOPERS 🛛

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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 shoet, statement of cash flows, statement of changes in equity and notes) of Coop Group reproduced on pages 68 – 66 for the year ended December 31, 2007

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 taw

We recommond that the consolidated financial statements submitted to you be approved

PricewalerhouseCoopers AG

l Dr. Rodol/o Gerber Auditor in charge

15 Rid

Matthias Aisl

Basel, February 12, 2008

## ADDRESSES

As at 1 April 2008

#### **Coop headquarters**

Presidium of Executive Committee Retail Business Unit Hansueli Loosli

Marketing / Purchasing Business Unit Jürg Peritz

Logistics Business Unit Leo Ebneter

Finance and Services Business Unit Hans Peter Schwarz

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transGourmet Schweiz AG Thiersteinerallee 12 Postfach 2550 4002 Basel Tel. +41 61 336 66 58 Fax +41 61 336 66 69

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## Swissmill

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#### Chocolats Halba Division der Coop Alte Winterthurerstrasse 1 Postfach 467 8304 Wallisellen Tel. +41 44 877 10 10 Fax +41 44 877 17 77 www.halba.ch

#### Nutrex Division der Coop Juraweg 5 3292 Busswil Tel. +41 32 386 79 11 Fax +41 32 386 79 19 www.nutrex.ch

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## Pasta Gala

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