

2003 Annual Report of the Coop Group



Services

around the clock

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The Coop Group at a glance

		2003	2002	Change		%
Key financial data consolidated (CHF m.)						
Retail trade turnover		14 606	13 715	+	891	+ 6.5
Sales of merchandise and services		15 404	14 540	+	864	+ 5.9
Net sales		14 434	13 721	+	714	+ 5.2
Operating cash flow (EBITDA) ¹⁾		1 177	1 151	+	26	+ 2.3
Operating profit (EBIT) ¹⁾		531	563	-	32	- 5.7
Financial results		- 98	- 166	+	68	- 41.0
Profit/loss for the financial year		341	331	+	10	+ 3.0
Interest-bearing liabilities		4 448	4 464	-	16	- 0.4
Net financial debt		4 115	4 019	+	97	+ 2.4
Equity incl. minority interests		3 930	3 625	+	305	+ 8.4
Equity ratio in %		34.5	32.7	+	1.8	+ 5.7
Total assets		11 385	11 095	+	290	+ 2.6
Cash flow from operating activities		864	1 255	-	391	- 31.2
Cash flow from investment activities		- 858	- 669	-	189	+ 28.3
Cash flow from financial transactions		- 119	- 636	+	517	- 81.3
Personnel						
Employees ¹⁾	(31.12.)	50 406	49 247	+	1 159	+ 2.4
Full-time employees ¹⁾		41 249	40 528	+	720	+ 1.8
Member households						
	(31.12.)	2 250 740	2 149 863	+	100 877	+ 4.7
Market shares (%)						
Basis: market volume acc. to BAK						
Food		23.0	21.9	+	1.1	
Nonfood		10.7	10.2	+	0.5	
Coop Group		16.7	15.8	+	1.0	
Sales outlets						
Sales outlets	(31.12.)	1 513	1 487	+	26	+ 1.7
Sales area (m ²) ¹⁾	(31.12.)	1 458 149	1 354 405	+	103 744	+ 7.7
Turnover (CHF m.)		14 255	13 366	+	889	+ 6.6

¹⁾ Year-back figure adjusted

Foreword

Integration of acquisitions and improvement in logistics

In 2003, Coop passed the halfway mark of the CoopForte project that was inaugurated in 2001 with the merger of the 14 regional Coop societies and Coop Switzerland into a single company and is due to be completed in 2005. Once again, it was an eventful year for Coop and full of changes.

On the one hand, the acquisitions of Waro and EPA had to be integrated. In the course of a few weeks in summer almost all the former Waro stores were closed for a short time for refurbishing, before reopening as Coop supermarkets, Toptip or Interdiscount sales outlets. The transformation of former EPA branches into new Coop City department stores continued apace. On the other hand, the implementation of Coop's logistics strategy entered a crucial phase. Rapid progress was made in consolidating major sections of the general merchandise warehouse at the Wangen distribution centre. With the opening of the new distribution centre in Castione it was possible to gather valuable experience about the new integrated SAP/WAMAS supply chain management system, which in future will be used to track all merchandise flows from the manufacturer to the customer.

Growth again outstrips the overall market

Consolidated turnover of the Coop Group increased by 5.9% to 15.40 billion Swiss francs. Coop's retail trade turnover was up by 6.5% to 14.61 billion Swiss francs. Turnover of the sales outlets rose by 6.6% to 14.26 billion Swiss francs. Sales growth through acquisitions amounted to approx. 550 million Swiss francs. In the year under review, the economic environment remained challenging. According to figures published by the Swiss Federal Statistical Office, aggregated retail sales for Switzerland as a whole fell by 0.4% in nominal terms year-on-year. These figures show that, despite the difficult economic situation, Coop grew faster than the overall market, even excluding acquisitions.



In 2003, the Coop Group's market share of the Swiss functional retail sector as a whole rose from 15.8% to 16.7%. Coop's share of the food sector rose by 1.1 percentage points to 23.0%, as against an increase of 0.5 percentage points to 10.7% in the nonfood sector. The prices of Coop's product range fell by 0.6% on average.

The number of Coop sales outlets rose by 26 to 1 513 and the total sales area increased by 7.7% to 1 458 149 m².

Encouraging result for 2003

Coop's earnings situation continued to develop encouragingly in 2003, despite a difficult economic environment. Operating cash flow (EBITDA) showed a slight rise of 2.3% to 1.18 billion Swiss francs compared with the previous year. Thus it fully covered investments (including the acquisition of Waro) of 858 million Swiss francs. Operating profit (EBIT) was 531 million Swiss francs, falling just short of the year-back figure as a result of higher depreciations. However, the result for the year was up 3.0% to 341 million Swiss francs. There was also a further improvement in the balance sheet. Though net financial debt rose by a modest 2.4% to 4.12 billion Swiss francs year-on-year, liabilities as a whole fell by 15 million Swiss francs to

65.5% of total assets. Equity rose by 305 million to 3.93 billion Swiss francs, or 34.5% of total assets, up 1.8 percentage points year-on-year.

Focus on value for money

In the past year, Coop felt the reticence of shoppers, especially in the nonfood sector. However, we are convinced that price is not the only consideration in our customers' decisions whether to buy or not. Rather, our aim is to position ourselves as the retailer that offers the best value for money. This includes offering high-quality, innovative products. It also includes the new, redesigned sales outlets and the information provided in all media channels and Coop Press, and, above all, the unique, inimitable brand mix of Coop flagship labels, branded products and own-label articles. Coop is the clear leader in Switzerland in terms of brand choice, brand promotion and sales of branded products. We want to further expand our leadership in the branded products segment, thereby emphasizing the differences between us and our competitors.

Coop's successful flagship labels

A crucial factor in Coop's success has also been the unequivocal commitment to products with added ecological, ethical and social value, as expressed in its Coop Naturaplan, Coop Naturaline, Coop Oecoplan and Max Havelaar flagship labels. In the anniversary year, "10 years of Coop Naturaplan", Coop was able to improve sales of its four flagship labels by 14.5%. The anniversary celebrations included many special offers for customers and a high-profile, thought-provoking advertising campaign. But for us the anniversary year was more than just an opportunity to bask in a success story. It gave us an opportunity to look towards the future and develop new visions. The occasion was used to set up the Coop Naturaplan Fund that will donate 10 million Swiss francs a year for ten years in support of a wide variety of sustainable projects. Betty Bossi, launched in mid-2002 as Coop's fifth flagship label, has proved to be a great success. With a wide range of attractive products and the credibility of one of the best-known brands in Switzerland,

Coop took the position of market leader in fresh convenience foods within a short time of the launch.

Sales of about 360 million Swiss francs were almost four times as high as in the previous year.

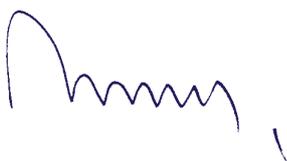
Outlook: Coop makes the difference

As per 1 January 2004, the functions of Coop Category Management and purchasing for the food channel and department stores were consolidated in a single CCM/Purchasing Business Unit, headed by Jürg Peritz. In mid-2004, when Hans Winiger retires from the Executive Committee, the Logistics Business Unit will be integrated into the new Logistics/IT/Production Business Unit, headed by Jörg Ackermann. These organizational changes will leave Coop better prepared to meet the challenging task of effectively implementing the strategies defined under CoopForte. The implementation of the new logistics concept should lead to decisive improvements by 2005. And Coop continues to invest heavily in remodelling sales outlets in accordance with the new retail outlet concept.

In the increasingly challenging environment of open European and global markets our intention is to position Coop as the best retailer in Switzerland and distinguish ourselves from our competitors through innovation, responsibility and uncompromising commitment to quality. As the motto states: "Coop makes the difference!"

Acknowledgements

The anniversary year "10 years of Coop Naturaplan" has demonstrated that we can look back on our past successes with pride. But it has also demonstrated that there are still many challenges ahead. We extend our heartfelt thanks to all of our customers, employees and business partners for their dedication, which helps us put our joint vision into practice each day.



Anton Felder
Chairman of the
Board of Directors



Hansueli Loosli
Chief Executive
Officer

Monday, 12.15 pm: Holiday break at midday! Popped into Coop to pick up something for lunch and shared it with the sparrows by the cathedral.





Strategic projects

10 years of Coop Naturaplan – that's just the beginning.

Ten years ago, Coop started selling food products from organic farming and humane animal husbandry under its Coop Naturaplan label. Today, Coop sells – on an absolutely routine basis – a range of more than 1 500 Coop Naturaplan products. Moreover, before the launch of Coop Naturaplan there were roughly 1 000 organic farmers in Switzerland; today there are more than 6 000. And about 1 600 producers have been integrated into the humane animal husbandry programme as suppliers for Coop Naturaplan. At the launch, Coop set itself what appeared to be very ambitious growth targets. Thanks to consumers and the excellent collaboration with BIO SUISSE, the Swiss foster and suckler cow breeders' association (SVAMH) and the Swiss society for animal protection (STS), it met them within an unexpectedly short time. Given these developments, it was always clear that the tenth anniversary of Coop Naturaplan's success would have to be celebrated in an appropriate manner – with Coop's customers, its business partners, employees and the general public.

Coop, of course, never looks only backwards; it always has a vision for the future, in this case the Coop Naturaplan Fund that was set up for the anniversary.

Accordingly, the anniversary year included a diverse range of special offers in Coop's retail outlets, new partnerships in the organic sector, a tremendous birthday party for employees and an original advertising campaign featuring the bright ten-year-old boy Dani that attracted a great deal of attention.

Coop, of course, never looks only backwards; it always has a vision for the future, in this case the Coop Naturaplan Fund that was set up for the anniversary. Until at least 2012, this fund will donate ten million Swiss

francs every year to sustainable projects in the fields of organic farming/nutrition, nature conservation/biodiversity, renewable resources and fair trade/Third World.

Waro integrated in record time

After the favourable decision of the Swiss Competition Commission on Coop's purchase of Waro AG in spring 2003, takeover activities focused on integrating Waro's points of sale into Coop's network of sales outlets. After a long and comprehensive investigation, the Competition Commission ruled that there was competition in the Swiss retail sector and the acquisition of Waro AG by Coop would not create a situation in which the Coop Group could restrict competition. As soon as the former Waro sales outlets had been cleared, Coop teams moved in to remodel the premises and install new POS check-out systems.

On 14 June 2003, Coop started refurbishing the first Waro sales outlet in the Ostschweiz-Ticino sales region. By 10 December 2003, a total of 22 Coop supermarkets had been opened, many of them already in the summer after only a few days of remodelling. In addition, two Toptip retail outlets, an Interdiscount in the new XXL format and 11 Coop petrol stations, five of them with Coop Pronto shops, were opened at former Waro locations. The Coop Group offered to take over all Waro employees. Besides the opportunity for most of them to continue working in the same location, Coop's collective labour agreement offers most of them substantially better working conditions. Thanks to the enormous effort and optimal coordination of all the units and persons concerned, this considerable corporate takeover was successfully integrated in a short period of time. It is also obvious that the customers approved of the change: At the same locations Coop has increased sales thanks to its improved product mix, modern look and nationwide communication.

By 10 December 2003, 22 former Waro branches reopened as new Coop retail outlets, many of them after only a few days of remodel- ling and refurbishing.

The key role of logistics and IT

The implementation of the logistics strategy remains one of Coop's most important projects. With the opening of the new distribution centre in Castione, the project reached a milestone. A new distribution centre planned at Aclens will improve the efficiency of supply in French-speaking Switzerland. Coop applied for a building permit in the year under review, and hopes to be able to start construction work as soon as possible. The implementation of the Logistics Strategy 2005 is on schedule and will eventually result in an enormous improvement in efficiency. Essentially, the strategy calls for the consolidation of general merchandise at two national distribution centres, fresh goods at seven regional distribution centres/hubs and frozen goods and building and hobby supplies at two national distribution centres each.

The transformation of Coop's logistics is inseparably tied up with the centralizing of the physical flow of merchandise in a single integrated supply chain management system. In future, the SAP/WAMAS supply chain and warehouse management software will keep track of all activities, from the list of registered articles through prices, branch orders and product freshness to receipt of merchandise and order-picking. The initial applications of the new system have already produced the expected improvements in efficiency and provision of up-to-date information. This means that the preconditions for switching to SAP/WAMAS for the entire range of Coop products in all distribution centres in the course of this year have been fulfilled. Coop also promises itself efficiency gains from EAN Switzerland's Edb database for the central administration of master

data for each article and the use of Electronic Data Interchange (EDI) to simplify communication with strategic business partners.

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A new structure for new goals

Three years ago, under the catchword CoopForte, 14 Coop regional societies merged with Coop Switzerland to form the new dynamic Coop. Now Coop is taking a further logical step, one made all the more necessary by the integration of EPA AG: it is expanding its single management. As per 1 January 2004, Coop Category Management (CCM) and purchasing for the food channel and department stores were hived off from the Retail and the Trading Business Units in which they had been integrated and now together form the new CCM/Purchasing Business Unit. The integration of CCM and purchasing will ensure more effective use of existing human and organizational resources. Decision-making paths will also be shorter. In mid-2004, the Logistics and IT/Production Business Units will be integrated into the new Logistics/IT/Production Business Unit. This is a logical step in view of the growing networking of logistics and IT.

As per 1 January 2004, Coop Category Management and purchasing for the food channel and department stores were hived off from the Retail and the Trading Business Units in which they had been integrated and now together form the new CCM/Purchasing Business Unit.

The 2003 Brand Equity Study of the IHA-GfK market research group shows that Coop is rated the clear number one by consumers with regard to accessibility, friendliness, credibility, product quality and in particular the range of branded articles.

Distinction: Coop makes the difference

The 2003 Brand Equity Study of the IHA-GfK market research group shows that Coop is rated the clear number one by consumers with regard to accessibility, friendliness, credibility, product quality and in particular the range of branded articles. The results confirm that Coop's unique quality-oriented products and services effectively put it in a class of its own in relation to its competitors. In times of economic stagnation and fiercer competition, a unique and unmistakable market profile is more necessary and more valuable than ever. Coop makes a point of consistently distinguishing itself from its competitors across the entire retail channel, i.e. across products, product ranges, points of sale, services and communication. Coop also intends to maintain the crucial difference between itself and its competitors in the future as well, and for this reason aims to focus even more strongly on sustaining a distinctive profile: by optimizing its unique brand mix, by maintaining the high quality of Coop flagship labels and by further rapid implementation of its new retail outlet concept.

Tuesday, 7.30 pm: Things from Coop City always look good. Try them on straight away and then it's out on the town – the others are already waiting!





Points of sale



Food formats

New points of sale with new services

The customer is always the focus of Coop's attention. For this reason, supermarkets, the centre of everyday shopping, are Coop's core business. Both by size and by importance they are the company's primary activity. Together, Coop supermarkets in the three formats A (200–600 m²), B (800–1 400 m²) and C (1 800–3 000 m²) achieved sales of 9.61 billion Swiss francs in 2003, a rise of 6.8% year-on-year. The sales area increased by 56 832 m² to 787 012 m², an increase that is largely accounted for by the former Waro sales outlets acquired in 2003. Overall, Coop opened 9 new supermarkets and closed 40. In 2003, Coop made rapid progress in further implementing its new retail outlet concept, investing more than 600 million Swiss francs in the remodelling of sales outlets. The remodelled retail outlets not only have a uniform, friendly and bright interior design and furnishings, they also offer fresh products prepared on the spot, for instance finishing ovens in the baked goods department provide fresh bread right up to closing time. And the new sales outlets are very popular with customers, as is shown by daily reactions and the steady climb in sales figures. The refurbishing of supermarkets continues and should be completed by 2008.

In 2003, Coop made rapid progress in further implementing its new retail outlet concept, investing more than 600 million Swiss francs in the remodelling of sales outlets.

Shopping centre: everything under one roof

The trend towards retail outlets with an extensive sales area and large range of food and nonfood articles is unbroken. To keep up with this trend, Coop is boosting its presence in existing and new shopping

centres. Apart from a comprehensive range of Coop products, these outlets offer customers other services and leisure experiences. A shopping centre was opened in Collombey-Muraz in spring and the largest centre in the Jura in Bassecourt in autumn. The Riviera shopping centre in Rennaz was completely refurbished. In 2004, Coop is opening shopping centres in Bulle, Tenero, Seewen and Wettingen. In 2005 and 2006, centres will follow in Bern Wankdorf, Dietikon, Kriens, Oftringen, Würenlingen and Zurich Sihl-City.

The shopping experience in Coop megastores

The megastores, Coop's new flagships, also offer an impressive range of items in a huge sales area. In this sales format, the drudge of everyday errands transmutes into a shopping experience. The range of about 40 000 items is presented in an extremely attractive and spacious ambience. Each store has an impressively large vegetable and fruit section, fresh bread from its own bakery and a comprehensive range of delicatessen and meat products to satisfy the customer's every wish. In autumn, the Grüzefeld megastore in Winterthur opened after extensive refurbishing. On 10 December 2003, the Gäupark megastore in Egerkingen opened its doors.

At present, Coop has a total of seven megastores, and plans to open another ten in the next five years. In 2004, Coop will open megastores in Bachenbülach, Haag and Wettingen, followed in 2005 by openings in Oftringen, Dietikon and the megastore at Berne's Wankdorf Stadium.

Remote ordering now available in Basle and Berne

The only Coop sales outlet that is open 365 days a year and delivers purchases to the front door is the ideal complement to store-bound retailing. Since early summer 2003, customers in the metropolitan areas of Basle and Berne/Thun have been able to order from a selection of 3 500 food items and everyday articles by telephone, fax or via the Internet and have them delivered to the front door. In 2003, Coop Remote Ordering delivered more than 64 000 orders with an average sales value of 175 Swiss francs. Total sales

amounted to 10 million Swiss francs. Besides heavy or bulky goods, the popularity of fresh products is also growing.

The presentation of remote ordering on the Internet is in the process of being redesigned. Another new service is the possibility of reserving a delivery time even before the order has been placed. This strengthens one of the particular attractions of Coop service, personal delivery at a chosen delivery time, and makes online shopping even more convenient.

Uninterrupted expansion of Coop Pronto

The Coop Pronto convenience shops can look back on another year of uninterrupted expansion. The 100th location was opened in St. Gallen in the course of the year. In the year under review, 15 Coop Pronto shops attached to petrol stations (five of them from Coop's takeover of Waro) and five new stand-alone shops opened for business. Sales amounted to 212 million Swiss francs, an increase of 25.4% year-on-year. On the National Day, 1 August 2003, Pronto shops achieved a dream result: 117 000 purchases produced one-day sales of 1.6 million Swiss francs. Pronto's satisfied customers confirm the need for time-saving solutions that combine everyday shopping with flexible opening times. The fresh product range in particular is posting very good growth rates; bread "oven-fresh right up to closing time" has proved extremely popular with customers. Since the beginning of 2004, fresh products are delivered to the shops every day from Monday to Saturday. The successful expansion strategy will be continued in the 2004 financial year with the planned opening of 20 new Coop Pronto shops.

The Coop Pronto convenience shops can look back on another year of uninterrupted expansion.

New attractive offers in Coop Restaurants

Proof that customers get value for money in Coop Restaurants is the new “savings suggestion”, a high quality meal for less than nine Swiss francs that changes every day.

Another new concept launched at the beginning of this year is the “low price of the month”, a different, unbeatable low offer every month.

Fine wines via the Internet, at wine fairs and at Mondo Vino

Coop's online wine shop makes buying wines easy.

Wine lovers can click through a range of about 3 000 wines in the comfort of their home and order their favourite bottle for delivery direct to their home cellar.

Clear and easy navigation allows users to search for wines by country of origin and wine-growing areas; in addition, the site provides useful details about types of grapes and the character and maturity of wines.

Furthermore, there is a page of answers to frequently asked questions on storage, temperature at which to drink wines or the proper glasses to use. Wine orders are delivered by mail two days later – or on the next day at an express rate – anywhere in Switzerland.

In the year under review, Coop staged the three-day Mondo Vino wine festival in 42 sales outlets.

The festival gives customers the chance to taste and compare up to 80 wines and buy them at sale prices.

The wines can be paid for in cash or by credit card and taken home immediately. The principle of the Mondo Vino wine festival is simple and Coop's clientele always shows an enthusiastic response. These events will continue in 2004.

Coop wine fairs present an ideal opportunity for consumers to taste up to 400 different wines from all over the world in a comfortable atmosphere and in their own time. By following the advice of the experts on hand, visitors may discover first-rate and even rare wines. Every year Coop takes part in eight wine fairs, including those on the legendary wine-ships on Lake Zurich and Lake Lucerne, either as the exclusive organizer or as a fair participant.

Coop's activities in the wine department is further proof of its standing as a provider of quality and underlines its intention to maintain its market leadership as the largest wine retailer in Switzerland.

In the year under review, Coop staged the three-day Mondo Vino wine festival in 42 sales outlets

Specialist retail formats

Coop City in all parts of Switzerland

In spring 2002, Coop acquired a 40% interest in EPA AG; since the beginning of 2003, Coop and EPA have been managed as a single department store concept with the objective of gradually transforming all EPA branches into Coop City department stores. The project was rapidly implemented, and the first pilot store in Baden was opened and evaluated in spring 2003. The next stages followed in quick succession in Chur, Winterthur and Fribourg. In autumn of the year under review another three former EPA branches reopened as Coop City stores: Bellevue in Zurich, Plainpalais in Geneva and Egerkingen.

A new Coop City department store was built in Dietlikon. In a difficult market environment, made even more challenging by the hot summer, Coop City and EPA department stores recorded total sales of 1.25 billion Swiss francs, which is an increase of 1.2% year-on-year. This only slight increase is primarily a result of the final closure of the store in the Albisriederstrasse in Zurich, refurbishing of the flagship stores Pfauen (Basle) and St. Annahof (Zurich) and a number of temporary closures to transform EPA branches into new Coop City department stores. After consolidating their product ranges, Coop and EPA now operate on the basis of a more or less uniform sales concept.

In the new Coop City stores customers can find a mix of popular, inexpensive EPA offers and familiar brand labels from the Coop range of items. By establishing stores in the main 50 urban locations around the

country, Coop City intends to become the undisputed number two in the department store sector. Like the former Waro sales outlets, Coop City department stores will also benefit from Coop Group synergies in the fields of logistics, IT, communication and purchasing – all to the advantage of its customers!

As of 1 January 2004, EPA AG became a wholly owned subsidiary of Coop. In 2004, the focus will be on improving business operations and in particular the ongoing project of transforming EPA branches into Coop City department stores.

In the new Coop City stores customers can find a mix of popular, inexpensive EPA offers and familiar brand labels from the Coop range of items.

More gardening in building and hobby centres

Coop building and hobby centres continued to pursue their steady expansion strategy. The goal of this strategy is clear: by 2008 at the latest, Coop intends to operate 85 building and hobby centres in Switzerland. In 2003, sales outlets were opened in Volketswil, Chur, Collombey, Bassecourt, Frauenfeld and Ilanz. In 2003, sales increased by 5.7% to 600 million Swiss francs. Coop building and hobby centres successfully launched their trendsetting wellness and fitness modules in the larger outlets and completed the opening of boutiques carrying fashionable accessories. Since last autumn, manual trades and farmers have benefited from the Coop Profi-Card: as professional customers, they enjoy extremely attractive services and many other advantages. Furthermore, in autumn Coop building and hobby centres got their own Internet homepage. The joint purchasing agreements with toom and AVA (Germany) and Baumax (Austria) are beginning to bear fruits. In strategic terms, Coop building and hobby centres are stepping up their concentration on

customers' changing needs. The immediate focus is on creating a competent, customer-oriented garden world at the centres and on revamping the stores' look.

Coop Mineraloel AG increases market share

Coop Mineraloel AG, which includes Coop petrol stations, Coop Pronto shops and heating-oil operations, increased sales by 21.5% to 782 million Swiss francs (2002: 644 million Swiss francs). By focused implementation of its special-offers strategy, Coop Mineraloel AG was again able to increase its market share of petrol sales by 1 percentage point. The concept of petrol stations with attached convenience shops is extremely successful, affirming the ongoing expansion strategy.

Under the new strategic concept, prescription and nonprescription medicines together with competent advice are now the core business of Coop Vitality pharmacies.

Coop Vitality: expanding in a new direction

Under the new strategic concept, prescription and nonprescription medicines together with competent advice are now the core business of Coop Vitality pharmacies. In addition, the pharmacies also offer a wide range of skincare cosmetics. A new shop layout was developed for the recently opened pharmacies. Coop Vitality pharmacies continued their steady expansion by taking over the existing pharmacy in the Volki-Land shopping centre at Volketswil and opening two new stores in the Coop Super Centre in Biel and the Lerchenfeld Centre in St. Gallen. As of the end of 2003, there were a total of seven Coop Vitality pharmacies. The medium-term goal is 50 pharmacies.

Retail companies

Interdiscount launched in XXL format

Despite an extremely adverse economic environment, Interdiscount continued to gain market share. However, owing to tumbling prices in the consumer electronics industry and further closures of sales outlets, sales fell by 5.0% to 848 million Swiss francs.

A new store concept was developed and has already been put into effect in 29 retail outlets. It is Interdiscount's goal to convert all sales outlets to the new concept by the end of 2005.

Since May 2003, the Interdiscount store in Signy has been operating under the name of Interdiscount XXL, offering a substantially expanded range of products in a new shop format with a much larger sales area. The format was launched in German-speaking Switzerland in October when a former Waro retail outlet in Langenthal reopened as an Interdiscount XXL store. With the XXL retail outlets, Interdiscount hopes to appeal to new customer groups, a signal that it intends to maintain its leadership in the Swiss consumer electronics market. As further value for money, since November 2003 Interdiscount shoppers have been able to collect Coop Supercard points.

IMPORT PARFUMERIE:

success with the shop-in-a-shop concept

In the cutthroat perfume and bodycare business IMPORT PARFUMERIE increased sales by 4.1% to 142 million Swiss francs year-on-year. As sales volumes in the overall market declined, IMPORT PARFUMERIE managed to increase its market share. The branch network was expanded from 81 to 90 outlets. A shop-in-a-shop concept was successfully launched in eight Coop City supermarkets. The branch network was further optimized by refurbishing nine outlets and closing three. In 2004, IMPORT PARFUMERIE aims to improve its market share and sharply increase sales by streamlining its product ranges, offering even more attractive prices and opening branches in new locations. With effect from 1 January 2004, IMPORT PARFUMERIE was hived off from Coop Einzelhandels AG and transferred to the Trading Business Unit. However, the perfumes

will continue to be sold under their familiar names.

The goal for the business is a branch network of more than 100 shops. This year, IMPORT PARFUMERIE is also opening three branches in Ticino.

Toptip operates a total of 46 stores throughout Switzerland and 16 Lumimart in German- and French-speaking Switzerland.

Toptip/Lumimart: gains in market share

Toptip posted sales of 257 million Swiss francs, an increase of 9.4% year-on-year. This total includes the sales of Lumimart; excluding Lumimart, sales were unchanged year-on-year. As sales volumes of the overall market shrank by about 5%, Toptip increased its market share.

A highlight of the year was the takeover of the two former Waro sales outlets in Oberwil and Volketswil and their refurbishment and opening as Toptip branches that also include Lumimart and Boutique Casa. In addition, new Toptip/Lumimart branches were opened in Allschwil and Chur. Toptip also opened new Lumimart sales outlets in Morges and La Chaux-de-Fonds. In the course of the year, two small sales outlets, Intérieur in Biel and Schaanwald, and the old Toptip store in Chur were closed. Toptip now operates a total of 46 stores throughout Switzerland and 16 Lumimart in German- and French-speaking Switzerland.

Back-up for the sales outlets

Logistics concept on schedule

Coop's implementation of the Logistics Strategy 2005 initiated on three years ago is well within schedule.

Essentially, the strategy consolidates general merchandise at two national distribution centres, fresh goods at seven regional distribution centres/hubs and frozen goods and the building and hobby supplies at two national distribution centres each. The acquisition of EPA and Waro has made it necessary to rework and expand the initial logistics strategy.

By summer 2004, Coop will have consolidated practically all of the so-called slow-turnaround food items (about two thirds of all food articles) at the national distribution centre at Wangen. From there they are sent to the regional distribution centres that supply the points of sale. In 2003, the refurbished distribution centre at Wangen, which has been equipped with state-of-the-art technology, passed its first test. In 2003, the top performance of this national distribution centre was 380 000 order-picked traded units a day, which were delivered in 3 500 roll containers and 700 whole pallets. The record for receipt of merchandise items in a single day was 2 500 incoming pallets.

After the new distribution centre in Castione came on stream on 1 September 2003, sales outlets in Ticino experienced a noticeable improvement in the quality of supply. The three existing distribution centres in Ticino were closed; two of them have already been sold and will be put to new uses. A new distribution centre planned at Aclens will improve the efficiency of supplies to sales outlets in French-speaking Switzerland. It is expected to come on stream in mid-2006. Coop hopes to be able to start on construction soon so as to remedy the unsatisfactory logistics situation in French-speaking Switzerland.

In 2003, the refurbished distribution centre at Wangen, which has been equipped with state-of-the-art technology, passed its first test.

New IT system increases efficiency

The opening of the distribution centre in Castione was also a milestone in IT terms. In this distribution centre all elements of the new supply chain and warehouse management software have been put into practice for the first time. In Castione all processes, from the list of registered articles through prices, branch orders and product freshness to receipt of merchandise and order picking, have been integrated on SAP/WAMAS; the old system has been completely superseded.

The expected gains in terms of efficiency and up-to-date information have been met in all respects. In the current year, it is hoped that the other distribution centres will also be able to convert their registered-article-tracking systems to SAP/WAMAS.

In the year under review, the Retail Business Unit also put the planning of its promotional campaigns on SAP. Coop has broken new ground with this project, and is the first retailer in the world to employ SAP for promotional planning. This step makes it possible to provide systematic technical IT support for these campaigns, from planning through logistics and advertising to POS check-out control. Thanks to such planning, the effectiveness of sales campaigns or special Supercard offers in the sales outlets will be enhanced. And the improved options for evaluations will strengthen the market orientation of future sales campaigns in retail outlets. Later in 2004, the building and hobby centres and other segments are to start using SAP to plan their sales campaigns.

New IT solutions for Coop business partners and sales outlets

The EAN database, Edb for short, ensures that the master data of articles and address information are accessible at a centralized site and are regularly updated by whoever has the best information. For article master data this means that the industry partner enters the data for its items into the Edb according to fixed standards and makes them available to all its trading partners. This will lead to a sustainable improvement in the quality of the data. Initially, Coop will use Edb with its strategic business partners.

The advantages of Electronic Data Interchange (EDI) for transmitting orders, order confirmations and delivery notices have been recognized for years. Coop offers its business partners a very user-friendly free Web EDI solution that can be used with simple Internet technology. One of the key elements is integrating SSCC (Serial Shipping Container Code) into the pallet label. The universal use of this code will speed up merchandise entry and traceability.

Coop has also used the Intranet specifically intended for sales to optimize and speed up internal communication through to the sales outlets. All their managers use the Intranet on a daily basis to access information updates. General use of electronic data has substantially reduced errors, and all involved – Coop, business partners and of course the customers – can receive better and more efficient quality of service.

Coop offers its business partners a very user-friendly free Web EDI solution that can be used with simple Internet technology.

Coop Immobilien: uniform shopping centre management

The Property Business Unit professionally manages Coop's entire property portfolio in the interests of Coop's core business and is responsible for functions such as project development, building management, contract management, portfolio optimization and the securing of locations. In the year under review, uniform principles for the operation of the existing Coop shopping centres and the many new centres under construction were drawn up. Furthermore, it continued to implement the real estate strategy of focusing consistently on real estate necessary for Coop's core operations. By disposing of properties not required for its operations, Coop is also able to free up financial resources that it can invest in refurbishing existing sales outlets or in purchasing new ones. The real estate strategy should be fully implemented by the end of 2004. In 2003, seven major projects were completed, of which the largest was the distribution centre in Castione. At the end of the year ten large projects were under construction. Nine other projects are on the drawing board, plus the La Maladière shopping centre in Neuchâtel with a planned sales area of 24 000 m².

The real estate strategy should be fully implemented by the end of 2004.

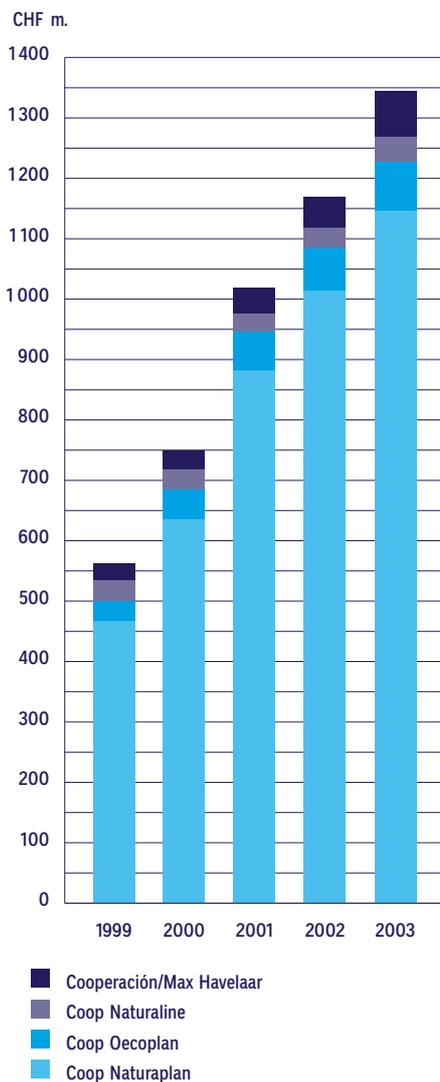




Wednesday, 4 pm: Got out into the garden again to enjoy what's left of the beautiful autumn – after buying a new garden hose at the Coop building and hobby centre in anticipation of next spring!

Products and services

Turnover of Coop flagship labels



The unique brand mix makes the difference

Successful retail marketing demands an increasingly differentiated range of products. Coop's new, slightly modified brand strategy gives its product range an even more distinctive profile, setting it apart even more clearly from those of competitors. As before, Coop's brand strategy is based on its high-profile, quality-oriented, inimitable brand mix that gives it its distinctive character. The mix embraces the Coop flagship labels, which currently account for 17% of sales, Coop's own-label articles, which account for 27%, and branded products, which account for 56%, by far the largest proportion.

Environmentally and socially responsible flagship labels

10 years of Coop Naturaplan:

visions for the future

"Food and drink 2013: Are organics the future or already the past?" On 27 May 2003, Coop held a symposium on this subject in Berne on the occasion of the tenth anniversary of Coop Naturaplan. The address by Federal Minister Moritz Leuenberger, the main speaker at the event, on "Gemüse, Gewissen und Gewinn" (which translates roughly as "Edibles, ethics and earnings") was very well received by the 400 guests. The symposium also offered Hansueli Loosli a suitable occasion to announce the Coop Naturaplan Fund. In keeping with the vision of the flagship labels, the objective of the fund is to promote long-term thinking and measures that will contribute to a sustainable society. Between now and 2012, Coop will donate 10 million Swiss francs a year to support activities and projects focusing on sustainability. The fund started operations with a donation of one million Swiss francs to the Swiss National Park for a new information centre in Zerne.

Between now and 2012, Coop will donate 10 million Swiss francs a year to sup- port activities and projects focusing on sustainability.

A feast for customers, ...

In the sales outlets, a variety of special offers drew customers' attention to the Naturaplan anniversary. The absolute hit in the anniversary year turned out to be the bread of the month, twelve different loaves using surprising recipes – oven-fresh right up until closing time, and organic quality, of course. In addition to various regional milk, cream and butter specialities, more than ten types of regional organic cheese were introduced.

... employees ...

On 22 June 2003, a glorious summer's day, the official Naturaplan birthday party was held in Zofingen. The approx. 3 000 invited guests – all the people responsible for the flagship labels at sales outlets and the members of management – were treated to an attractive programme that many will probably never forget.

... and the public

The Naturaplan anniversary year attracted a lot of attention among the public. Coop Press celebrated the event with a special issue and a weekly special page on the flagship labels. In spring, the anniversary brochure appeared with many interesting facts and background information about Coop Naturaplan. Throughout the year provocative posters drew attention to Coop Naturaplan. So did Dani, at ten just as old as Coop Naturaplan, who entertained customers over the entire year in advertising spots, on posters and on paper shopping bags. This bright young boy ponders the diversity of nature, thinks about life and surprises us with all sorts of unexpected thoughts that only youthful curiosity and imagination can come up with. As the motto states: 10 years of Coop Naturaplan: That's just the beginning.

Notwithstanding the anni- versary, Coop is less in- terested in the past than in visions for the future.

A successful anniversary year

In the past decade, the flagship labels Coop Naturaplan, Coop Naturaline, Coop Oecoplan and Max Havelaar have become a symbol of Coop's success. Sales in the anniversary year produced double-digit growth, jumping by 14.5% to 1.34 billion Swiss francs. The greatest gains were posted in Ticino and French-speaking Switzerland, where the flagship labels had not been quite as popular as elsewhere. In the meantime, Coop Naturaplan's name recognition has reached an incredible 90%. Among its customers, Coop still enjoys a reputation as a committed pioneer in the field of organic products, registering high sympathy values for product range, information/advertising and also for credibility – owing not least to the Bio SUISSE organic bud emblem, the most widely accepted label in this industry. Coop's goal for its flagship labels is unchanged: sales of two billion Swiss francs by 2010 at the latest.

Coop has set itself the long-term goal of steadily expanding its range of organic Pro Specie Rara products.

Coop Naturaplan:

bread of the month as hit of the year

In 2003, sales of Coop's Naturaplan products rose by 13.0% to 1.15 billion Swiss francs year-on-year.

Growth was strongest in organic products, largely reflecting demand for the new organic bread of the month and higher sales of organic milk products and meat. Sales of bread and baked goods alone soared by 60% to 62 million Swiss francs.

In autumn 2003, the Pro Specie Rara Foundation and Coop organized a large exhibition of products in Zurich Main Station with wine-tasting and a travelling exhibition that was shown in 17 Coop sales outlets. Pro Specie Rara is a Swiss foundation dedicated to preserving the genetic material and cultural history of indigenous economically useful animals and cultivated plants.

Coop plans to give greater space in its product range to heirloom varieties of vegetables, fruit and cereal as well as breeds of economically useful animals that Pro Specie Rara has saved from extinction.

In 2003, sales of Pro Specie Rara products amounted to roughly three million Swiss francs. Coop has set itself the long-term goal of steadily expanding its range of organic Pro Specie Rara products. More than a dozen different types of organic fresh Pro Specie Rara vegetables are already on offer. The range of products made from emmer, an heirloom cereal, includes bread, organic beer and, as a new convenience food, fresh organic emmer spaetzli.

Coop Naturaline:

organic cotton from India and Tanzania

In the year under review, sales of Naturaline products – which were launched in 1995 – rose by 16.5% year-on-year to 39 million Swiss francs. Cosmetic items posted the largest growth, thanks mostly to cotton-wool merchandise. Organic cotton products are still the core items of the Coop Naturaline range. Today, these include a broad collection ranging from men's, women's and children's outer garments and underwear to bed linen and terrycloth wear, all of which continue to enjoy rising demand. With a requirement of 850 tonnes a year, Coop is the world's largest customer for organic cotton. The bioRe projects in Maikaal, India, and Meatu, Tanzania, benefit in particular from the close partnership between Coop and Remei AG. The partners' holistic approach applies to all stages of the production process and also involves ecological and social aspects: toxic heavy metals are not used in dyes and chlorine is not used as a bleaching agent. All items are produced without child labour, in clean and safe working places, under correct working conditions and for fair wages.

With a requirement of 850 tonnes a year, Coop is the world's largest customer for organic cotton.

Coop Oecoplan: green electricity and charcoal for summer barbecues

With revenue of 81 million Swiss francs, Coop Oecoplan remains the second largest flagship label by sales, which rose 13.5% year-on-year in 2003. A major reason for this was the replacement of conventional charcoal by Oecoplan charcoal sold under the FSC label; this proved a hit in the hot summer months.

Since May 2003, Coop Oecoplan has been selling green electricity produced by water, wind and sun. In doing so, Coop offers an alternative for all those people who prefer to use energy from renewable resources. Green electricity functions via certificates that guarantee customers that a specific amount of electricity will be fed into the grid. The customers pay the difference in price between green electricity and normal electricity and continue to obtain and pay for normal electricity from their local supplier. Green electricity certificates are also available as Supercard premiums.

Max Havelaar: Coop is the world's largest purchaser of fair-trade products

The increase in sales of 43.6% to 72 million Swiss francs has brought Max Havelaar products close to second place among the flagship labels in terms of turnover. If one adds the organic Max Havelaar products sold under Coop Naturaplan, sales amounted to 80.6 million Swiss francs, an increase of 60%. The two leading items, flowers and bananas, tripled and doubled their sales respectively. Coop sells more fair-trade products than any other company in the world. Since February 2004, Coop carries only bananas with the Max Havelaar label.

In autumn 2003, Coop joined Max Havelaar and claro fair trade AG in conducting a coffee campaign in which a brochure drew attention to the difficult situation of coffee farmers. Max Havelaar offers small producers an alternative outlet as it guarantees prices that will safeguard their livelihoods.

In summer 2003, the Cooperación logo was replaced by that of the Max Havelaar Foundation, whose name recognition has been rising steadily.

Since February this year, Coop carries only bananas with the Max Havelaar label.

Flagship label convenience foods

Betty Bossi leads the market

Betty Bossi is Coop's fifth flagship label. At the beginning of 2002, Coop bought a 50% interest in the Betty Bossi Verlags AG and in mid-2002 launched its first Betty Bossi products – convenience products that do not imply loss of culinary standards. In the year under review, sales almost quadrupled to about 360 million Swiss francs compared with the previous year. Thanks to the launch of Betty Bossi, Coop has become the market leader in fresh convenience food within little more than a year. In the meantime, the Betty Bossi range of products has expanded to more than 500 products in the following fields:

- ready to eat: sandwiches, salads, freshly pressed fruit juices, cakes, tarts and desserts
- ready to prepare: salads, pre-cut fruit and mixed vegetables
- ready to bake: dough, special assorted biscuit (“Guetzli”) dough, and pizzas
- ready to heat: prepared meals, lasagne and vegetarian products

Coop plans to continue expanding the Betty Bossi range. New items will focus on increasing the choice of organic fresh convenience foods and products designed for one-person households. This flagship label is expected to produce double-digit sales growth in the current year, particularly in Coop Pronto shops, among whose customers Betty Bossi convenience food products are especially popular.

Thanks to the launch of Betty Bossi, Coop has become the market leader in fresh convenience food within little more than a year.

Branded products

Targeted promotion

In terms of sales, choice or promotion, Coop is the leading retailer of branded products in Switzerland. Branded products as a proportion of Coop's sales have been rising again in recent years. They now account for 56%, which reflects the importance that Coop attaches to such items. Leading branded products remain of great strategic and commercial significance for Coop. It will therefore continue to selectively promote both the diversity of branded products and individual items. Coop's goal is not only to retain the high proportion of branded products in its range, but also to further expand its leadership in this area, thereby drawing a sharper distinction between itself and its competitors. In ranges carrying branded products, the potential of each individual brand will be systematically analysed and processed. Coop expects branded products to make strong contributions with regard to innovation, independence, quality, appearance and value for money. Coop in turn offers its business partners an environment in which they can position their products ideally: attractive sales areas in exclusive Coop sales formats throughout Switzerland, an ideal communications platform, a high level of competence in product ranges and interesting services for customers.

Coop' goal is to expand its leadership in the field of branded products in order to draw a sharper distinction between itself and its competitors.

Coop own-label articles

Cooperation between retail and production

Most of Coop's own-label articles, which account for 27% of sales, are also manufactured by the Swiss branded products industry. Thus, as a rule, Coop's own-label articles are not a sign of vertical integration, but of even more intensive cooperation between trade and our business partners' production activities. Coop own-label articles with the Coop logo on a square black background are an important element in differentiating Coop from the competition, make a valuable contribution to customer loyalty and provide value for money. This approach makes it quite clear that customers have the freedom to choose between Coop own-label articles and branded products. This guarantees Coop a unique position in terms of products and services, and strengthens competition between the different ranges of products.

Product quality

Quality assurance for the benefit of the products

The consistent application and implementation of quality assurance on the basis of Coop's quality strategy is an important factor in Coop's success. In the past year, the Central Laboratory carried out 185 000 tests on food and nonfood articles. About 6 000 products were subjected to sensory testing and more than 500 consumer queries were answered on the subject of nutrition. The hygiene brochure "E suuberi Sach" (which translates roughly as "Clean and safe") was full of valuable tips for consumers on the subject of food safety and was particularly appreciated on account of the long, hot summer.

In fulfilling Coop's self-monitoring obligations, the Quality Centre provided 3 000 products – most of them in the rapidly expanding Betty Bossi range of fresh convenience foods – with new labels to bring them into line with statutory requirements for product information. A systematic test programme was introduced to check the sensory quality of all newly launched Coop Naturaplan products. International quality standards and test protocols were defined for purchases of nonfood articles and items for building and hobby

centres from the Far East and were integrated into merchandise purchasing in the form of product requirement profiles and specifications. This prevents the unnecessary transport of defective goods to Coop. The Quality Centre is also active on site, with the control of incoming goods at the distribution centres being optimized and electronically networked. The quality assurance database stores the most important data on quality discrepancies both in merchandise purchasing and in the sales outlets (withdrawals, serious complaints, problems with incoming goods). The entire cold chain, in particular for fresh fish and in remote ordering, is being investigated for weak points and improved where necessary so as to ensure that perishable goods are still fresh when they reach the consumer.

Quality is safety

The current Swiss regulations for the declaration of genetically modified organisms (GMO) in food and animal feed are not up to the more stringent EU standards. This raises the traceability requirements for such products. The situation regarding pesticide residues at ultratrace levels or residues of animal medications is similar. Coop is continually adapting its analytical methods to the latest developments and statutory requirements to ensure that consumers can continue to rely on the Coop promise of quality and the high requirements of Coop Naturaplan and organic products.

A promise for the future

A definitive solution must be found for the problem of traces of non-approved genetically modified organisms, for which there are demands for a zero-tolerance policy in Switzerland. Coop's Executive Committee has approved a strategy paper on this topic. It defines the necessary measures for implementing and guaranteeing Coop's promise not to sell any products with genetically modified components under its own label or its flagship labels.

Prices and markets

Value for money is what counts

As retail markets in general are fairly saturated, the resulting competition for market share has forced all retailers in Switzerland to take serious measures to maintain their competitiveness. The unchanged difficult economic situation has made consumers reticent about spending, particularly in the nonfood sector. But this does not mean that price is the only factor that consumers consider when shopping. Indeed, Coop is convinced that its consumers are becoming "smart shoppers". What is important for them is not only price, but value for money. Coop takes this requirement into account and focuses its efforts not on having the lowest prices but on positioning itself as the retailer that offers the best value for money.

Coop is focusing its efforts not on having the lowest prices but on positioning itself as the retailer with the best value for money.

Special offers: focusing on shopping expeditions

In the year under review particular attention was given to special offers, with more than 2 500 national campaigns in the food sector and 1 000 in the nonfood sector and about another 500 regional campaigns. In megastores an increased number of campaigns focused on bulk packs. Apart from the continued success of the popular special offers "Megahit" and "Low price of the month", the attractive coupon offers and other various special offers were very popular with consumers. Besides an intensive focus on special offers, efficiency and purchasing gains in the form of substantial discounts on mass-consumption items were also passed directly on to the consumer. This discount programme and a range of further special offers will continue in 2004.

Overwhelming success with the pots and pans trophy

No customer loyalty programme has ever been as successful as the pots and pans trophy campaign held throughout Switzerland from September 2003 to January 2004: with their purchases consumers received special stamps that they could use to buy Kuhn-Rikon-produced Sigg pots and pans at a reduced price. Well over three million of them were sold within the space of a few months. This is equal to one pan for every household in Switzerland or for every second person living in Switzerland! This result far exceeded even Coop's most optimistic expectations. Unfortunately, one drawback of this success was a shortage of supplies. However, customers can redeem full cards of stamps for the pans until spring 2004.

Coop as a reliable partner of farmers

The hot, dry summer in 2003 promised to produce a particularly full-bodied wine, but also less milk and meat owing to much smaller crops of natural animal feed. In view of the difficulties faced by Swiss cheese exports, lower milk production was not entirely inconvenient. Coop used a series of special offers to help to reduce surpluses of Emmentaler.

In the past year, Coop again proved to be a reliable partner of the Swiss agricultural sector. New partnerships were established in two areas: in April 2003, Coop signed a long-term partnership agreement with two businesses trading in organic vegetables in the lake district of the Canton of Berne, Frilog AG and AV-AG. The closer collaboration will lead to demand-oriented supply and smaller price fluctuations.

A producers' organization was founded at the conference of the Coop Naturaplan Porc producers held in Lucerne in November. In future it will represent producers' interests in dealings with Coop. This year the 700 producers present were very satisfied with the guaranteed label premium of 80 centimes on average per kilogram of slaughter weight.

Also in the case of veal, Coop demonstrated that it attaches importance to a fair relationship with producers: calves will continue to be fed according to the

requirements of humane animal husbandry, even if this means that they will not produce white meat. As before, Coop will not pay lower prices for pink veal.

For more market and ecological principles – and a commitment to Swiss products

At the political level, developments were dominated by approval of the government's agricultural package, AP 2007. Coop took an active interest in the plans and presented proposals for more market and more ecological principles. Coop welcomes the dismantling of various business restrictions on farmers, the abolition of milk quotas by 2009 and the adjustment of supply to demand in fruit- and wine-growing. Coop criticized the arrangements for auctioning import quotas for meat as lacking free market principles.

The gradual opening of markets to foreign agricultural products will force Swiss farming to position its products more effectively. At the end of 2003, agreement on the "Suisse Garantie" label brought a breakthrough in the debate on the establishment of a label of guarantee and origin for Swiss food. Coop supported efforts to bring about this transparent and verifiable label because many of its customers prefer to buy Swiss products.

Coop took an active interest in the plans of the government's agricultural package, AP 2007, and presented proposals for more market and more ecological principles.

The economic environment is global

Coop also follows developments in global and European agricultural and economic politics very closely. As yet it is not known what tariff reductions the current WTO round will lead to. But the results are expected to give Switzerland better access to a number of markets. Both as a retailer and as a manufacturer Coop will benefit from lower tariffs and therefore is participating actively in the relevant discussions on which tariffs should be cut where and by how much.

When borders gradually open up, we shall be forced to take a closer look at Europe, a dynamic Europe that will also shape retailing and the food industry in Switzerland. The market entry of various foreign competitors such as Rewe, Lidl, Carrefour and Spar are concrete evidence of this. In Switzerland, Coop is a major and respected business partner. In Europe, however, it is just one of many companies, most of them much bigger than it is. This fact must also be taken into account in judging the level of concentration in the Swiss retail sector. In any case, this consolidation, again the object of much criticism and discussion in 2003, is a familiar and widespread phenomenon common to all western European countries with relatively small populations. In this respect, Switzerland has long since ceased to be a special case.

In Switzerland, Coop is a major and respected business partner. In Europe, however, it is just one of many companies, most of them much bigger than it is.

Competition in Swiss retailing

Coop's takeover of Waro was scrutinized in the context of the discussion of a dominant market position in Switzerland. After a detailed investigation that lasted four months, the Swiss Federal Competition Commission approved the acquisition in May 2003.

In its final report, the Commission determined that there was still fierce competition in the Swiss retail trade, not least due to the successful market entry of foreign competitors. In 2003, crossborder shopping, another form of competition in the Swiss retail trade, picked up again. The Commission found no evidence that Coop colluded with major competitors. Finally, the takeover of Waro would result in only a very modest increase in market share in the procurement market, and so there was no cause for concern in this respect either. The Commission's investigations of price-fixing in the market for chocolate bars and for pigs kept for meat produced an analogous picture: intensive competition and no confirmation of any horizontal or vertical price agreements.



Wednesday, 9.30 pm: Champions League. Usual get together at Pascal's. The last to arrive's the loser and has to buy the beer from the Pronto downstairs.



Customer services

Realizing potential for improvements

The customer is the focus of Coop's attention. Their satisfaction is always Coop's most important concern. Therefore, in 2002 Coop conducted the first-ever national survey of its members. On the basis of the results, measures were drawn up in the year under review to realize the potential for improvement revealed in the survey.

A problem that needs urgent attention is the check-out queues. If the check-out line is shorter, customers will leave the sales outlet in a better frame of mind. No fewer than five studies were carried out to determine possibilities to improve the situation.

Better planning of employee rosters and more efficient processing at the check-out has already produced noticeable improvements.

In 2004, Coop will conduct another national survey of its 2.3 million members, and the results will lead to further improvements this year.

New: collect Supercard points while on the telephone

The Coop Supercard is the largest and most popular loyalty programme in Switzerland. There are more than 2.2 million Supercard-holders; there is a Supercard in 70% of all households. In 2003, Supercard-holders exchanged about 10.6 billion Supercard points for about 1.5 million bonus gifts. The 2003 bonus-gift catalogue contains more than 600 loyalty gifts.

Among the bonus-gift highlights are trekking poles, hand-held vacuum cleaners, hair-dryers, ice-cream makers and Tupperware containers. Other ever-popular choices are Swiss TravelClub miles and take-away bonus gifts that can be claimed straight away at the check-out, e.g. wine and champagne.

Since November 2003, customers can also enjoy the benefits of Supercard points at Interdiscount.

Gidor Coiffure was the first company outside the Coop Group to join the programme, and since the end of January telephone calls via Swisscom Fixnet also earn Supercard points. In November 2003, the Supercard web site was revamped and new functionalities introduced. For example, customers can check their point balance online. From summer 2004, the Supercard point balance will be printed on the sales slip.

In 2003, Supercard-holders exchanged about 10.6 billion Supercard points for about 1.5 million bonus gifts.

Helping you move house, and everything for the baby

Special marketing campaigns focused on satisfying specific information needs. Coop and Swiss Post produced a “moving set” for the approx. 450 000 households who inform Swiss Post each year of a change of address. To ensure that people moving are informed about the nearest shopping amenities so that they can fill up the fridge at their new address, Coop offers

a directory of regional branches. In this way, people immediately feel at home in their new surroundings. Market research shows that young families are often pleased to receive lots of advice concerning their baby. Coop offers assistance in the form of the magazine “My Baby”, which presents an overview of the products available in the nutrition, hygiene, nappies, clothes, toys and accessories ranges. In addition, it contains articles with tips and recommendations from experts. This magazine is distributed to young families via email.

On 1 December 2003, the Customer Service became the first and only consumer service in Switzerland to be certified to ISO 9001:2000.

Customer Service's dialogue with customers

On 1 December 2003, the Customer Service became the first and only consumer service in Switzerland to be certified to ISO 9001:2000. The object of this certification is to respond even more quickly to customers' queries by streamlining and simplifying processes and structures. Similarly, at the end of 2003 the Consumer Service's new web page went public, and customers can now enter into a dialogue about their concerns. Information about individual products and sales outlets can be provided online.

In 2003, the Customer Service answered 79 750 queries, an increase of 22.7% year-on-year (2002: 65 005 queries). The world of consumption grows more and more complex in terms of printed product information, health issues, new analytical methods (e.g. acrylamide) and the political environment (e.g. agricultural policy), which increases the need for information.

News from the Coop Studio

Last year, between 700 000 and one million viewers regularly watched the Coop Studio every Wednesday before the evening news, enjoying the atmosphere of a contemporary shopping experience in the comfort of their own home. In keeping with the maxim that “Information makes for better shopping”, for thousands of customers the television programme has become a weekly shopping experience in itself. Since January 2004, Coop Studio has become even more topical, even closer to the customer. The contributions from the new News Studio provide a mix of information on things useful, new and worth knowing about Coop in a magazine format.

Last year, between 700 000 and one million viewers regularly watched the Coop Studio every Wednesday before the evening news.

You eat with your eyes in Telescoop

Telescoop offers a half-hour programme mix of reports, cooking show, interviews, trends, novelties, games and competitions – presented alternately by Corinne Waldmeier and Reto Peritz (French version: Mireille Jaton, Mathias Froidevaux). It is no surprise that between 100 000 and 200 000 viewers watch the entertainment and information programme on Swiss television every day at 12.30 pm or the repeat at 4 pm. Last year, about 20% of all midday viewers in German-speaking Switzerland watched Telescoop. The figure for French-speaking Switzerland was about 23%. Besides many useful household tips, the programme also offers a genuine shopping service with daily special-offers. In the daily cooking show, Susanne Wicki van Gils and Nic Aklin (French version: Eléonore Schoettel, Nic Aklin) present tempting recipes in their charming and competent manner. In the shortest time possible the two always conjure a delicious midday or

evening meal onto the table – and viewers can cook along with them!

The combination of the two broadcast formats, Coop Studio and Telescoop, gives Coop a unique TV marketing presence in Switzerland.

Coop Press:

new with four-colour printing throughout

For Coop Press with its three language editions, 2003 was another year of continuous progress. According to the surveys by Wemf (an advertising media research company), readership rose by 151 000. According to these figures, 3 205 000 people read Coop Press regularly, making it by far the most widely read print medium in Switzerland. It also has the highest circulation of all Swiss newspapers. The most gratifying aspect is the trend: in the past five years circulation has risen by around 30% and readership by even more. Thus, 62% of all Swiss households receive weekly information about the company's activities.

As up to now, the three newspapers are printed by the Basler Zeitung and the Centre d'Impression Edipresse in Bussigny. New printing partners are Ringier Druck in Adligenswil and the St. Galler Tagblatt. Thanks to this new printing partnership, the Coop newspapers can appear in four-colour printing throughout.

In addition, a new newspaper concept was introduced at the beginning of 2004. Thanks to a more spacious layout, Coop Press is even more reader friendly; concentrating Coop information on 24 pages in the middle of the newspaper makes it easier to read the offers of services. However, the contents of Coop Press remain true to the recipe for success: it is a service-oriented consumer newspaper focused on Swiss topics, in particular family, society, business, consumption, entertainment and tourism, and thus contributes to a free and diversified press in Switzerland.

Win on the Internet

www.coop.ch, which offers comprehensive information about Coop's products and services, is one of the most popular Internet sites in Switzerland. More than 250 000 people visit the homepage every month.

As a result, the Internet has developed into an important communication channel for Coop. Among the highlights of 2003 in terms of content were the new Supercard bonus gift shop and the online presence of the building and hobby supplies centres.

Three brand new developments since January 2004 include the Coop Quiz, in which players can use their general knowledge to win a Coop shopping voucher worth 100 Swiss francs or 100 prizes of 1 000 Supercard points every month.

The Coop newsletters gives Coop customers the opportunity to inform themselves simply and quickly about new developments at Coop. Currently, www.coop.ch offers newsletters in four fields for people with specific interests: supermarket, wine shop, Supercard and Coop building and hobby centres. On principle, Coop uses only addresses of consumers that it knows have either requested information or have given it permission to write to them directly.

Thanks to this new printing partnership, the Coop newspapers can appear in four-colour printing throughout.

Thursday, 10.15 am: Planned to go shopping this morning. But playing with the children's more important. And why have a computer if it can't shop?





Manufacturing

As of 1 January 2004, all manufacturing and retail companies that had previously operated as wholly-owned subsidiaries have been integrated into the Coop society. The former subsidiaries will henceforth operate as separate divisions and be categorized as profit centres within the corresponding Coop business units. Companies in which the Coop Group holds less than a 100% interest – Coop Mineraloel AG, Coop Vitality AG and, of course, the Bell Group – will retain their separate corporate structures.



Chocolats Halba



Bell Group's strategic redefinition and new look

Net sales of the Bell Group increased by 2.5% to 1.54 billion Swiss francs. In the difficult economic climate the company noticed a sharp increase in competition in terms of prices; this development in conjunction with higher prices for raw materials had a negative effect on margins, and the Group's operating results decreased slightly.

In the year under review, the Bell Group further extended its market leadership in the field of meat products from humane animal husbandry: the percentage of meat products sold under the Naturaplan label rose from 58% to 60%.

As part of the company's strategic redefinition, in 2003 the Board of Directors decided to focus the Bell Group's products and services exclusively on business-to-business partners. This involves concentrating all activities on deliveries to retailers, restaurants, hotels and the food industry, and withdrawing from retailing to the public. A new brand strategy was developed to take account of this change. In addition, in the year under review, the Bell Group designed a new look with a more modern logo and uniform packaging.

As part of the company's strategic redefinition, in 2003 the Board of Directors decided to focus the Bell Group's products and services exclusively on business-to-business partners.

New chocolate technology at Chocolats Halba

In 2003, Chocolats Halba increased net sales by 4.2% to 83 million Swiss francs. Sales of seasonal and year-round articles through Coop were particularly gratifying. In addition, lower prices for cocoa and cocoa butter in the commodities markets led to an improvement in revenues. A new 200 g bar format in three varieties and the Bâton praliné were added to the range of year-round articles. In 2003, Chocolats Halba participated in the "Esrix 2004" competition in which entries were judged on the basis of the EFQM (European Foundation for Quality Management) model.

In December, the company was awarded the IFS (International Food Standard) certificate.

CWK: success with Sherpa Tensing

At the beginning of 2003, CWK was able to report success on two fronts: implementation of a new IT system and process-oriented certification to ISO 9001:2000. Sales declined in the year under review: at 40 million Swiss francs, net sales slipped by 10.0% year-on-year. At the same time, sales under the Coop flagship labels grew thanks to expansion in the Coop Oecoplan range of products. In addition, in time for the 50th anniversary of Sir Edmund Hillary and Sherpa Tensing's conquest of Mount Everest, CWK launched its improved Sherpa Tensing sun block, which resulted in a sharp increase in sales. In an exceptionally hot and sunny summer, Sherpa Tensing sun block was soon the second most popular brand in the Coop channel. CWK is expected to further reinforce its market position in 2004. In addition, important projects to export bodycare and face-care products are on the verge of implementation.

**Steinfels Cleaning Systems:
success with ecological products**

In 2003, Steinfels Cleaning Systems posted net sales of 22 million Swiss francs, a decrease of 3.0%. As sales volumes in the overall market declined, the company was able to slightly increase its market share. The environmentally compatible Maya line of products, Coop Oecoplan products and the strategic Gastro business all posted significant gains. Like CWK, Steinfels Cleaning Systems also introduced a new IT system and successfully completed certification to ISO 9001:2000.

In an exceptionally hot and sunny summer, Sherpa Tensing sun block was soon the second most popular brand in the Coop channel.

Active promotion of Pasta Gala products

While volumes of Pasta Gala at Coop were maintained thanks to an active policy of special campaigns, the loss of two major Swiss customers adversely affected Pasta Gala's third-party business. In addition, Italian competition put pressure on prices in the export channel. As a result, net sales decreased by 5.0% to 32 million Swiss francs in 2003. On the cost side, falling global stocks of durum wheat have had a negative effect on purchasing prices. Furthermore, an outbreak of fowl pest in northern Europe in spring put pressure on the price of liquid egg, the second major ingredient in the manufacture of pasta. As a result, costs of materials rose by about 20%. In the field of quality assurance, Pasta Gala was able to report another important success – the certification of the entire plant to ISO 9001:2000.

White-wine vinegar with pumpkin and nut flavours from Nutrex

In a challenging market environment characterized by stagnation in the consumption of vinegar and an increase in imported specialities, Nutrex was able to hold its own. In 2003, net sales increased modestly by 2.5% to 43 million Swiss francs year-on-year.

The company owes this positive result primarily to the strong position of Coop Naturaplan vinegar specialities. Moreover, two new speciality vinegars were successfully launched: nut-flavoured white-wine vinegar and white-wine vinegar with pumpkin.

Nutrex is a member of Coop's energy model group working with the Business Energy Agency (EnAW) to seek ways of increasing energy efficiency and reducing CO₂ emissions. In 2003, the first measures to improve energy generation were completed, with positive results.

The SA 8000 certificate means that Reismühle Brunnen is one of a number of companies and organizations applying internationally recognized social and ethical standards. Reismühle Brunnen is the first company in the world in its industry to fulfil these demanding requirements.

Pioneering performance at Reismühle Brunnen

In 2003, Reismühle Brunnen's output rose by about 3% to approx. 10 150 tonnes, the highest production level in the company's history. By contrast, net sales stagnated at a little less than 13 million Swiss francs on account of lower prices in the year under review. In spring 2003, after a period of intensive planning and construction, the refurbished plant was inaugurated. In August, Reismühle was awarded not one but three certificates: ISO 9000:2000, HACCP/BRC (British Retail Consortium) and SA 8000. All these certificates are part of the worldwide Food Safety Initiative. The SA 8000 certificate means that Reismühle Brunnen is one of a number of companies and organizations applying internationally recognized social and ethical standards. Reismühle Brunnen is the first company in the world in its industry to fulfil these demanding requirements. Intensive efforts to promote fair trade products have paid off: in autumn another Max Havelaar article was added to the range of rice products when "Perfume Rice" was launched as a Coop Naturaplan product with the BIO SUISSE bud emblem.

Argo scales down

In 2003, Argo produced net sales of 10 million Swiss francs, a decline of about 7.6% year-on-year. The main reason for the decrease was a further drop in demand. A glance at the individual product groups confirms the long-term trend: sales of knee and ankle socks continue to rise, while tights continue to lose ground.

In spring, the company closed its knitting and sewing operations. This measure has successfully removed the pressure of constantly rising costs. Raw materials are now bought in as finished goods from foreign producers and dyed, formed and packaged at Argo.

Unfortunately, this refocus means that the company has had to reduce its workforce by about 20 employees; all of them now have other jobs within the Coop Group.

Swissmill wins the Esprix prize for quality

In 2003, Swissmill in Zurich, the largest Swiss producer of flour for the food industry, posted an output of 180 000 tonnes. The highpoint in the company's year came in March 2004, when Federal Minister Kaspar Villiger presented the Esprix prize for quality to Swissmill, the award winner for 2003. In August, Swissmill achieved another milestone by becoming the first Swiss plant to receive IFS (International Food Standard) and BRC (British Retail Consortium) certification. As a contribution to the celebrations around 10 years of Coop Naturaplan, Swissmill developed a number of new breads of the month (Gran Alpin, pumpkin-seed bread and Advent bread).

The highpoint in the company's year came in March 2004, when Federal Minister Kaspar Villiger presented the Esprix prize for quality to Swissmill, the award winner for 2003.



Thursday, 8.10 pm: Asked a few friends around for a meal. Mediterranean's good, said Melanie and Damian. Dashed into Coop at Stauffacher just before closing time and got everything I needed.



Personnel

An important challenge in the personnel field was the incorporation of Waro's workforce. In its takeover of Waro, Coop made a point of offering all Waro employees a job. Similarly, all employees of the newly acquired EPA have benefited from the conditions of Coop's collective labour agreement as of the beginning of 2004.

In its takeover of Waro, Coop made a point of offering all Waro employees a job.

[The importance of training ...](#)

With more than 2000 apprentices, Coop is one of the leading corporate trainers in the Swiss retail industry. So it virtually goes without saying that Coop has been pro-active in introducing the new basic commercial training. Coop has also collaborated intensively in preparing the sales apprenticeship "Verkauf.CH" that will be introduced in 2005.

[... and continuing education](#)

Staff development focused on the expansion of the modular career and development programmes in the fields of logistics, manufacturing and administration. In every sales region, more than 100 young trainees are now facing challenges and receiving support in on-the-job training.

With more than 2000 apprentices, Coop is one of the leading corporate trainers in the Swiss retail industry.

Dialogue with the trade unions

Coop and the negotiating partners agreed to wage increases equal to 1.5% of its total payroll with effect from 1 January 2004. This agreement puts Coop high up among the few companies that have made any allowance for wage increases. Relations with the negotiating partners, VHTL (trade union for employees in the sales, trade, transport and food sectors), SKV (Swiss commercial association), VdAC (Coop's own in-house association) and Syna (Swiss employee association), were satisfactory. As is generally the case, regular dialogue was rewarding for both sides, despite differences in basic attitudes at times. As a result, and in the light of the new trade union partnerships, Coop decided to extend the existing collective labour agreement.

Employee survey has consequences

The critical points highlighted in the employee survey conducted under the project name "Veritas" in 2002 were addressed in the year under review. The concerns focused in particular on Coop's wage-bracket policy and the topic of a healthy working place. A list of measures to remedy health concerns was drawn up by a national working group and implemented throughout the Coop Group. The steps of institutionalizing the measures in corporate practice and raising the awareness of all the affected employees and managers led to a drop in illness-related absences from work.

Coop Forte magazine a hit

A survey conducted at the end of December showed that the Coop Forte magazine was very popular with employees. With an overall rating of 5.2 on a scale of 1 to 6 (best), the staff magazine is easily number one among the in-house media. The integration of EPA and Waro helped to push circulation to about 65 000 copies. "Coop Forte" provides extensive coverage of events in the Coop Group in three languages six times a year.

More active CPV/CAP members

After reviewing and adjusting its investment strategy to take account of changed economic conditions, the CPV/CAP, the pension fund organization of the Coop Group, is well positioned to profit from improvements in the investing environment. To achieve success without taking unnecessary risks, the organization has appointed a global custodian and diversified its investment mandates.

The CPV/CAP has decided that, instead of paying 4.0% interest on retirement savings capital as before, it will pay only 2.75% in 2004. This interest rate is 0.5 percentage points above the minimum statutory interest rate set by the Federal Council. The CPV/CAP has also taken measures to ensure the financial health of the pension fund organization and preserve its autonomy in the conduct of its affairs. These steps have been taken against the background of imminent necessary statutory changes. To cushion a decrease in the conversion rate from 7.2% to 6.9%, a total of about 91 million Swiss francs were credited to the individual retirement savings capital accounts of active members. In the year under review, capital cover requirements and strengthening of the actuarial reserves for active members and pensioners reached the required level. The corresponding sums exceeded five billion Swiss francs as of 31 December 2003. The number of active members again increased, by 569 to 32 276. At the end of 2002, around 500 insured persons in seven companies and parts of companies that no longer belonged to the Coop Group resigned from the CPV/CAP; on the other hand, the pension fund of Waro AG, a company acquired by Coop, was integrated into the Coop pension fund organization. The latter was also partly responsible for the increase in the number of pensioners, which rose by 712 in 2003. Disability pensions continued to increase steadily, a development shared by state disability insurance and other occupational pension funds.



Friday, 9.45 am: I'm pretty good at this. The baby's never complained once. And in Coop City I always find exactly what I need.



Environmental and social responsibility

Coop Naturaplan Fund

100 million for sustainability

On the occasion of the symposium to mark the tenth birthday of Coop Naturaplan in Berne on 27 May 2003, Hansueli Loosli announced the creation of the Coop Naturaplan Fund – Coop's birthday present to society. The Fund reflects Coop's commitment and obligation towards the environment, human beings and animals. Coop aims to enshrine its ecological and ethical position more effectively in business and society through its four flagship labels, Coop Naturaplan, Coop Naturaline, Coop Oecoplan and Max Havelaar and the philosophy behind them. For the period from 2003 to 2012 at least, in addition to its existing activities, Coop will donate ten million Swiss francs a year to support major projects with a sustainable dimension to them in the hope of making an important contribution to the substance of Coop's mission and to achieving the goals of its flagship labels. Finally, it plans to extend its role as leader in the Swiss market for environmentally and socially responsible products and services.

With the Coop Naturaplan Fund, Coop will support major projects with a sustainable dimension to them during the period from 2003 to 2012 with ten million Swiss francs a year.

Environmental protection, solidarity, economic efficiency

In assessing sustainability, Coop will use the 1987 definition of the Brundtland Commission, according to which sustainable development is development with which current needs of the citizens are met without compromising the ability of future generations to meet theirs. Consequently, sustainability consists of three key factors: protection of the natural environment, social solidarity and economic efficiency.

Transparent use of resources

About half of the Fund's resources will be devoted to projects and activities dedicated to promoting a specific cause; the other half will go to projects and activities that promise medium- or long-term benefit to consumers, producers or Coop itself. In other words, the Coop Naturaplan Fund will finance only a few, but significant, projects each year. The fund will concentrate on the strategic fields of organic farming and nutrition, biodiversity and nature conservation, renewable resources and fair trade/Third World.

A core team will select projects on the basis of published criteria defined in the Fund's guidelines and presented to the Executive Committee for its approval. Professor Thomas Dyllick, head of the Institute for Economics and Ecology at the University of St. Gallen, will act as expert advisor to the core team.

The following outside projects were financed in 2003:

Stiftung bioRe

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

BIO SUISSE

planète bio suisse – an experience world for young people (school classes, youth associations) on organic farms. Group activities that promote understanding of the issues raised in the context of organic production.

Research institute for organic farming, FiBL

FiBL quantum leap – different projects focusing on organic seed production, external and internal quality of organic fruit and improving the quality of organic milk.

Swiss National Park

Coop anniversary present to Switzerland – support for the construction of a new visitor and information centre in Zerne.

Pro Natura

More space for butterflies – project to protect highly endangered butterfly species in five regions of Switzerland.

Sativa, cooperative for Demeter-quality seed

Organic seed – promoting organic seed growing and the cultivation of varieties of organic wheat and organic spelt. Launching bread made from Sativa cereals sold under the organic bud label.

WWF

Soya bean production destroys tropical forests: Promotion of sustainable soya bean cultivation in South America without clearing tropical forest.

Sustainability

Coop is perceived as a company that sets standards of sustainability practices in its sector and market. Thanks not least to its flagship labels, it occupies a leading position in Swiss and European retailing. But up to now there has been no comprehensive, integrated report covering the entire range of sustainability services and performance. Coop has therefore decided to publish its first sustainability report in autumn 2004. After that, Coop will report at regular intervals on its commitment to employees and society, its relationship with suppliers, its management culture and its use of natural resources.

Quality and procurement

Already in 2002, Coop defined high minimum standards of quality management with regard to social, ethical and environmental concerns that are binding on the Retail and Trading Business Units (building and hobby centres and department stores) and so serve as guidelines for all other areas of the Coop Group. Suppliers of branded products are expected to apply the same or similar principles. Coop's business partners that sign the quality agreement undertake to bring production into line with the new, internationally recognized BRC (British Retail Consortium) or IFS (International Food Standard) food safety standards and thus to observe important social, ethical and environmental criteria. This includes in particular observing the prohibition on child labour and compliance with local laws on environmental protection. Checks of implementation and/or compliance must be possible. For this purpose, Coop is compiling a business-partner database that will allow it to evaluate their quality management, quality standards and environmental and social management. Coop is endeavouring to expand the theoretical principles of sustainability in its product range; to this end it is participating in a project at the Zurich University of Applied Sciences Winterthur (ZHAW) on developing methods for social management systems.

Coop's business partners that sign the quality agreement undertake to bring production into line with the new internationally recognized food safety standards.

Code of Conduct for Textile Manufacturers

Implementation of the Code of Conduct for Textile Manufacturers introduced three years ago is making good progress. Naturaline's suppliers and subcontractors are checked in this respect every year. Manufacturers of fitted linen sheets in Greece have been certified to SA 8000 for socially and ethically responsible corporate behaviour. Other suppliers are preparing for certification to SA 8000. Suppliers of conventionally produced goods have submitted their self-assessment of their social standards.

Energy and natural resources

Saving energy in manufacturing and retailing ...

Coop's energy use is shaped by the collaboration between Coop and the Business Energy Agency (EnAW), which has entered its second year. As a first step under this collaboration, Coop verified the basic energy data of the production plants and distribution centres, and bundles of measures have been defined to further reduce energy consumption. The plants are participating in the agency's energy model groups, which conclude target agreements with the option of exemption from a possible CO₂ levy. Results show noticeable improvements at the production plants. Consumption declined slightly in absolute terms and by a gratifying 12.1% on a sales-related basis. By contrast, at the regional distribution centres demand for energy increased, slightly so for heating oil and more strongly for electricity. But here, too, sales-region-related consumption also declined by 2%. The sales outlets are also collaborating with the agency. The agreement here is one that benchmarks targets. The basis of the agreement is the installation of a uniform energy data collection and evaluation system in all new and refurbished sales outlets. An evaluation of data from the first 75 outlets equipped in this manner shows that standardized building technology concepts use significantly less energy. Consumption of heating oil was reduced by 43% on average and electricity consumption by 2% on average. It is planned to convert all existing sales outlets to this concept in the next five years.

... and in private life

The Federal Energy Office runs a working group on ways to promote energy-saving appliances. Coop works with it by attending trade fairs, where it demonstrated Oecoplan refrigerators and deep-freezers as well as Coop Oecoplan green electricity, and it promoted the purchase of refrigerators with the A+ energy label. Coop also participated with Swiss Energy and the Zurich Electricity Company in a campaign to promote electric-powered bicycles and scooters. Eight sales outlets offered test rides and a competition for an electric-powered bike.

Promoting renewable energy

The challenge here is not only to use less energy, but also to promote forms of renewable energy. In this field, Coop has a special commitment: each year for the past three years Coop has taken over 1.5 million Swiss francs worth of Coop Oecoplan green electricity certified under the “nature made star” eco-label.

It is offered on the Internet and as a Supercard bonus gift. Coop uses the rest itself; it covers more than the entire energy needs of head office.

As green electricity is a project that fits in exceptionally well with SUN 21, in the year under review Coop attended this international congress week dedicated to renewable energy for the first time.

Sustainable forestry with the FSC label

The Forest Stewardship Council (FSC) Switzerland was founded in December 2003 with the objective of promoting sustainable use of the forests and certifying such forestry. Products made of wood from such forests carry a special quality label. Coop is a founding member of FSC Switzerland and a member of its Board. In its building and hobby centres in particular, Coop carries a wide range of FSC products (wood for building, charcoal), and has also started using FSC paper for the packaging of various products, e.g. flour and sugar. As a consequence of its membership of FSC Switzerland, Coop has undertaken to increase its use of FSC products and packaging and provide proper product information.

In its building and hobby centres in particular, Coop carries a wide range of FSC products, and has also started using FSC paper for the packaging of various products.

Waste

Packaging guidelines

Instructions on packaging design were again updated in the year under review. For environmental reasons, packaging should wherever possible use only recyclable material, and as little of it as possible. Important decisions concerning packaging should be made on the basis of ecoaudits. Packaging causes problems when it is not disposed of correctly. Beverage and take-away packaging that litters streets and public places after consumption is a problem in many cities. It is disposed of at considerable effort and expense, and a quantity of packaging that could have been recycled is not. Attempts to deal with this problem include the “Trash is Culture” information campaign. As its contribution to this campaign, Coop distributes posters and places stickers on the rubbish-bins in sales outlets.

More recycling

At the beginning of 2003, Coop started collecting PE bottles used for liquid dairy products. A collection container for such bottles has been installed in every sales outlet that sells such products. The returned bottles are recycled in Switzerland. Unfortunately, cardboard and non-recyclable materials are often thrown in as well. In terms of quantity, PET beverage bottles are more significant; their volume increased by almost 30%. Coop’s return quota of PET bottles is now above 80%. The number of returned electrical and electronic appliances has also increased; returns are up almost 70% by weight.

New concept for food waste

Taking all facilities together (manufacturing plants, head office, distribution centres), recycling quotas have remained stable year-on-year.

The amount of waste in the regions declined by 5%. At the same time, the amount sent to recycling rose by 18%. The Ostschweiz-Ticino logistics region is the recycling frontrunner, primarily owing to the increase in Ticino.

The project to dispose of organic waste from sales outlets and restaurants has taken on tangible form. As an example of sustainable resource use, food waste is recycled as animal feed. The Feed Safety concept, which sets high standards for the recycler, prevents abuse of the system. This concept has already been put into practice in the regions of Nordwestschweiz, Zentralschweiz-Zürich and Ostschweiz-Ticino.

The amount of waste in the regions declined by 5%. At the same time, the amount sent to recycling rose by 18%.

Transport

Rail transport of fruit and vegetables from Italy protects the environment

After lengthy preparations, fruit and vegetables from Italy have been transported by train from Stabio to Aarau since July 2003. The final stage from Aarau to the distribution centres is by road. This development relieves traffic on the main north-south road, in particular the bottleneck at the Gotthard road tunnel.

Initially, this change in type of transport is a test that runs until July 2004. The goals of this measure are not only environmental, but also economic:

- switching from road to rail without any loss of freshness
- reliable and punctual transport of fresh goods from Italy
- reliable rail transport through the Alps increases the availability of goods
- observance of Swiss and foreign statutory regulations governing working hours and rest periods
- the LSVA (distance- and weight-dependent charge on heavy-goods vehicles) on the stretch from Stabio to Aarau and back is saved.

After lengthy preparations, fruit and vegetables from Italy have been transported by train from Stabio to Aarau since July 2003.

Coop's lorry fleet with environmentally friendly engines

Besides encouraging rail transport, Coop is also equipping its fleet of lorries with EURO3 engines, and as soon as possible with EURO4 engines equipped with particulate filters. In addition, all new company cars will run on diesel.

Friday, 2.50 pm: A quick bite between lectures and job, between Fribourg and Lausanne. These Coop salads – they've got everything you need in them.





Society, culture and sport

Coop's main social commitment is the Coop Natura-plan Fund. In addition, Coop continues to fulfil its public commitments by supporting a diverse range of initiatives and organizing its own activities, besides classic sponsorship of cultural and sporting activities. In January 2004, the 30th anniversary of SF DRS's TV consumer programme "Kassensturz" provided an opportunity for Coop to demonstrate its cultural commitment. Coop used the occasion to present 30 families living in the Swiss mountains with a Coop building and hobby voucher for 2 000 Swiss francs each.

For more than 60 years, Coop Sponsorship for Mountain Regions has financed urgently needed redevelopment and renovation projects to improve the living and working conditions.

Coop Sponsorship for Mountain Regions

For more than 60 years, Coop Sponsorship for Mountain Regions has financed urgently needed redevelopment and renovation projects to improve the living and working conditions of Swiss mountain farmers.

In 2003, it raised 1.9 million Swiss francs, mostly in the form of donations. Of this, about 1.8 million Swiss francs were paid out directly for projects providing urgently needed support. The total investment generated by Coop Sponsorship amounts to about 30 million Swiss francs a year.

One highlight of the year under review was Coop's symbolic donation of a loaf of bread on 1 August, plus the sum of 190 000 Swiss francs which were used for the urgently needed restoration of the Ulricher alpine farms in Goms, an action that has considerably improved the livelihoods and future of eight families. In 2003–2005, Coop Sponsorship is collaborating with the Swiss Red Cross on the "working poor" project

“Zwei Mal Weihnachten” (which translates roughly as “Two Times Christmas”).

“Swiss Tables” provides uncomplicated assistance

Enthusiastic Coop support for the goal of the “Schweizer Tafeln” (literally, “Swiss Tables”) project of the “Hope for People in Need” foundation. Every day dedicated voluntary helpers in refrigerated delivery vans pick up donations of food for needy people at sales outlets. The food is of excellent quality, but can no longer be sold because its sell-by date, but not its use-by date, has expired. “Swiss Tables” distributes this food to social institutions such as emergency shelters, charitable organizations, homes, soup kitchens and refuges for battered women. Wherever “Swiss Tables” is active, it can count on the contributions of two or three large Coop retail outlets.

Sponsorship for the children

Coop’s cultural commitment makes a point of including the youngest members of society – e.g. with the summer 2003 children’s open-air concerts which Coop co-sponsored in various cities in German-speaking Switzerland.

Coop’s cultural commitment makes a point of including the youngest members of society.

Beach volleyball in summer – cross-country skiing in winter

In the field of sport, Coop has long been committed to the legendary Coop Beach Tour; now it is expanding its commitment in the field of cross-country skiing. This year for the 36th time, thousands of cross-country skiers tackled the 42 kilometres of the Engadine Ski Marathon either as serious sport or for fun – and once again Coop was the main sponsor. In winter, the “Swiss Nordic Day” was held for the third time, this time with Coop as its new partner. For three days,

both crack sportsmen and beginners had the opportunity to train with professionals.

To ensure that both top-class and recreational cross-country skiers have enough quality cross-country runs to choose from, Coop also supports the “Verein Loipen Schweiz” (Swiss cross-country association), which launched the Cross-Country Pass.

Sponsorship throughout Switzerland

In French-speaking Switzerland Coop is the partner of Live Music Production, an important regional concert agency. This collaboration again produced some tremendous concerts in the year under review, e.g. Johnny Hallyday in the Stade de Genève, Florel Pagny at the Tourbillon in Sion, Michel Sardou on the Patinoire du Littoral in Neuchâtel and Chris de Burgh in the Théâtre de Beaulieu in Lausanne.

In summer, the New Orleans Jazz Ascona once again turned the latter town into the world capital of traditional jazz. For the first time, this important music event on the shore of Lake Maggiore was supported by Coop in the guise of leading company in the Swiss wine market.

A very special event in July was the production of the musical “Evita” on the Seebühne stage in Thun.

In 2003, a number of cantons celebrated their 200th anniversary. The high point in the Canton of Thurgau was the grand jubilee festival in Frauenfeld at the end of August. As one of the main sponsors, Coop was present.

For the sixth time, the Swiss Gymnastics Association (STV) organized the Aerobic Cup in Aarau in November with Coop’s support. In the competitions, the 79 teams and 12 pairs demonstrated aerobics of the highest quality.

In December, Georges Bizet’s opera “Carmen” was performed by a cast of over 600 in Zurich’s indoor stadium in front of an enthusiastic audience of 30 000, with Coop as the presenting sponsor of the magnificent spectacle.



Saturday, 4.20 pm: Got good advice at the building and hobby centre and started painting as soon as we got home. We're staying in tonight, aren't we?



Corporate Governance

This is the second year in which Coop is providing a comprehensive report on corporate governance, i.e. on the organization and control of Coop's governing and executive bodies. The report follows the guidelines of the SWX Swiss Exchange, which were drawn up in accordance with the Swiss Federal Act on Stock Exchanges and Securities Trading, which has been in force for joint stock companies and companies that have issued participation certificates and non-voting dividend rights certificates since 1 July 2002. As a cooperative, Coop is not included in the companies listed in the aforementioned definition. Nonetheless, as Coop voluntarily applies the provisions of the new Federal Swiss Stock Exchange Law, it observes the guidelines on corporate governance and thus offers all groups interested in the company the greatest possible transparency. For Coop takes the trust of all its stakeholders very seriously. These stakeholders include the banks as providers of capital, Coop's suppliers as business partners, the state as legislative and controlling authority and, of course, Coop's customers, who reward transparent, farsighted business practices and thereby secure the continued existence of the Group.

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

Group structure

The Group structure can be seen in the list of Coop companies provided in the consolidated annual accounts. Changes in the consolidated Coop companies can be found on page 93.

There are no crossholdings between Coop companies. As part of the Unity Project, the wholly owned subsidiaries (Argo AG, Coop Einzelhandels AG, CWK AG, Chocolats Halba AG, Nutrex AG, Pasta Gala SA, Reismühle Brunnen AG, Steinfels Cleaning Systems AG and TopTip AG) are being integrated into Coop society as separate divisions. For business purposes, the integration took effect on 1 January 2004; legally they will be integrated in the course of 2004. This measure will simplify the Group structure and further increase the transparency of the Coop Group.

Capital structure

The capital structure can be seen in the consolidated balance sheet (page 89) and the notes to the consolidated balance sheet (pages 96–100).

Board of Directors

See Coop Organs and Coop Delegate Assembly on pages 108 and 109.

At the end of 2003, Franz Zumthor retired from the Board of Directors, and hence also from the Board Committee, for reasons of age. His successor on the Board Committee is Silvio Bircher, who has simultaneously assumed the chairmanship of the Nordwestschweiz Regional Council. In accordance with the articles of association, Franz Zumthor was not replaced on the Board of Directors. Accordingly, the Board of Directors has 18 members at present.

Anton Felder

Born 1948. Swiss.
Swiss diploma in accounting and controlling
Full-time Chairman of the Board of Directors of Coop
Member of Board Committee

Directorships:

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

Jean-Claude Badoux

Born 1935. Swiss.
Prof. Dr. Ing. ETH
Honorary President of the EPF Lausanne
Member of Board Committee

Directorships:

- Coop Immobilien AG, Berne
- Swiss Centre for Electronics and Microtechnology (CSAM), Neuchâtel
- Société des éditions techniques universitaires, Zurich

Other functions and offices:

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

Stefan Baumberger

Born 1948. Swiss.
Dipl. Chem. HTL
Managing Director, Häseler AG, Herisau
Member of Board Committee

Directorships:

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

Silvio Bircher

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

Directorships:

- Coop Immobilien AG, Berne

Paul Flubacher

Born 1936. Swiss.
Retired management executive

Diego Giuliani

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

Directorships:
– Coop Immobilien AG, Berne

Felix Halmer

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

Other functions and offices:
– Chairman, Association of Salaried Employees of Coop
– Chairman, Association of Salaried Employees for the Basle Region

Edgar Hofer

Born 1940. Swiss.
Retired trade union secretary

Walter Holderegger

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

Other functions and offices:
– Chairman, Vereinigung Cerebral (Swiss Association for the Cerebrally Handicapped), Berne
– Board member, Gewerkschaftsbund Berner Oberland (Federation of Trade Unions of the Bernese Oberland)

Hansjürg Käser

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

Other functions and offices:
VHTL Section, Coop

Irene Kaufmann

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

Directorships:
– Bank Coop AG, Basle
– Coop Immobilien AG, Berne

Lillia Rebsamen

Born 1953. Swiss.
Businesswoman

Jean-Charles Roguet

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

Directorships:
– Coges Corratierie Gestion SA, Geneva
– Dipan SA, Carouge
– Ferrier Lullin & Cie SA, Geneva
– Grandi Investissements SA, Geneva
– Insiger de Beaufort SA, Geneva
– Kessler Gestion SA, Geneva
– Label Communication SA, Geneva
– Onyx Suisse SA, Fribourg
– Publipartner SA, Plan-les-Ouates
– Sarp Industries (Suisse) SA, Geneva

Eric Santschy

Born 1948. Swiss.
Commercial specialist

Edgar Spicher

Born 1934. Swiss.
Proprietor, GestInfo Spicher E., Fribourg

Directorships:
– C.T. Transports SA, Fribourg
– Sigur Holding AG, Fribourg
– Vimbel AG, Fribourg

Giampiero Storelli

Born 1938. Swiss.
Architect

Felix Truffer

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

Giusep Valaulta

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

Directorships:
– Coop Immobilien AG, Berne

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

Election and term of office of the Board of Directors

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

Internal organization

The Board of Directors has 18 members at present. From the beginning of the term of office starting on 1 May 2005 the Board of Directors will have 11 members. Until the end of the current term of office, the Chairman of the Board of Directors and the chairmen of the six regional councils, who are also members of the Board of Directors, constitute the Board Committee.

Regulation of responsibilities

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

Instruments of information and control over the Executive Committee

Every month the Executive Committee submits a written report to the Board of Directors with key figures on current business developments and important information on all business segments. In addition, every four months it submits reports and results in writing to the Board of Directors, which are also presented orally at meetings and discussed. The Chairman of the Board of Directors regularly attends the meetings of the Executive Committee. He is also responsible for Internal Auditing. Coop has an extensive rolling process of planning and target-setting, which also includes regular reporting to the Board of Directors.

Instruments of supervision and control over the auditors

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

Executive Committee

See Management structure and Management on pages 110–112.

On 1 January 2004, the functions Coop Category Management (CCM) and purchasing for the food channel and department stores, which were formerly part of the Retail and Trading Business Units, were integrated into the newly created CCM/Purchasing Business Unit headed by Jürg Peritz. Similarly with effect from 1 January 2004, the IMPORT PARFUMERIE division was hived off from Coop Einzelhandels AG and transferred to the Trading Business Unit. In mid-2004, when Hans Winiger retires from the Executive Committee, the Logistics Business Unit will be integrated into the new Logistics/IT/Production Business Unit, headed by Jörg Ackermann.

Hansueli Loosli

Born 1955. Swiss.

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

Directorships:

- Betty Bossi Verlag AG, Zurich
- Member of the Bank Council, Swiss National Bank
- Further directorships of Coop subsidiaries

Jörg Ackermann

Born 1958. Swiss.

Graduate in business management (HWV)
Head, Information Technology/Production Business Unit

Directorships:

- Bell Holding AG, Basle (Chairman)
- Eurogroup SA, Brussels
- Further directorships of Coop subsidiaries

Rudolf Burger

Born 1946. Swiss.

Commercial specialist
Head, Retail Companies Business Unit

Directorships:

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

Jean-Marc Chapuis

Born 1954. Swiss.

lic. en sciences économiques et sociales
Head, Property Business Unit

Directorships:

- Directorships of Coop subsidiaries

Christoph Clavadetscher

Born 1961. Swiss.

Swiss diploma in commerce and retailing
Head, Trading Business Unit

Directorships:

- Directorships of Coop subsidiaries

Jürg Peritz

Born 1947. Swiss.

Commercial specialist
Head, Coop Category Management/
Purchasing Business Unit

Directorships:

- Coop Switzerland Far East Ltd., Hong Kong
- Eurogroup SA, Brussels
- Eurogroup Far East Ltd., Hong Kong
- Stiftung bioRe, Rotkreuz

Hans Peter Schwarz

Born 1950. Swiss.

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

Directorships:

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

Hans Winiger (until 30 June 2004)

Born 1942. Swiss.

Dipl. Ing. ETH
Vice Chairman of the Executive Committee
Head, Logistics Business Unit

Directorships:

- Bell Holding AG, Basle
- 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 2003, the Board of Directors (19 members) of Coop received an aggregate amount of 1.3 million Swiss francs in remuneration (2002: 1.2 million Swiss francs for 20 members).

The gross salaries of the seven members of the Executive Committee totalled 3.4 million Swiss francs in 2003 (2002: 3.2 million Swiss francs).

In 2004, the gross salaries of the full-time Chairman of Coop's Board of Directors and the members of Coop's Executive Committee will range between a minimum of 400 000 and a maximum of 750 000 Swiss francs. In addition, a performance-related bonus of up to 20% may be paid.

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

Rights of participation

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

Auditors

Duration of mandate and term of office of lead auditor

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

Auditing fee

The following auditing fees were billed for services performed for 2003:

Auditing services: 2.1 million Swiss francs

Other services: 500 000 Swiss francs

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

Information policy

At the beginning of each year the previous year's sales will be announced. The annual results conference will take place in spring and the Delegate Assembly in May. The annual report will be published after the Delegate Assembly. A second Delegate Assembly will take place in autumn. In addition, the delegates will receive a report every four months informing them of the company's business development.

Sunday, 9.20 am: Popped out to Pronto and got the paper – Sunday's saved. And the family's going to love this fresh bread!





The
Coop
Group
in
figures

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All values rounded up/down individually

The Coop Group in figures

The retail companies Coop Einzelhandels AG, TopTip AG, EPA AG and Waro AG as well as the manufacturing companies Argo AG, CWK AG, Nutrex AG, Pasta Gala SA, Reismühle Brunnen AG, Steinfels Cleaning Systems AG are to merge with Coop, effective 1 January 2004.

Implementation of the department store strategy (conversion of EPA stores into Coop City department stores or redevelopment) will continue until 2006.

As part of the restructuring, effective 1 January 2004, one person is appointed as being responsible for each location; restaurants are no longer itemized as separate sales outlets.

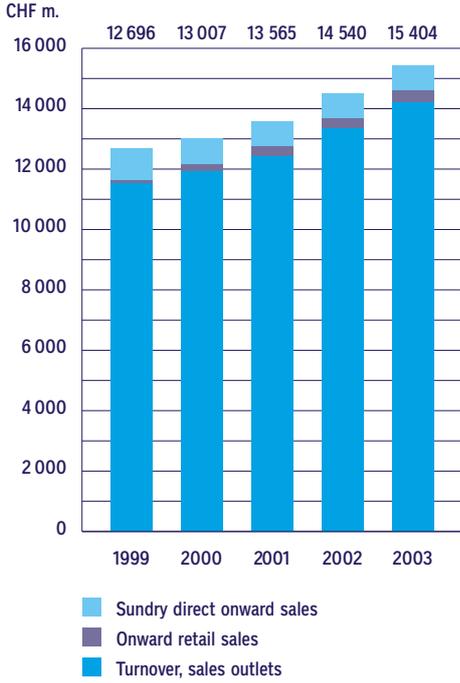
These changes have been incorporated into the chapter "The Coop Group in figures". The previous year's figures have been adjusted.

Sales of merchandise and services

		CHF m.	CHF m.	Change	Change
		2003	2002	CHF m.	%
<i>Megastores</i>	<i>4500–8000 m²</i>	533	389	+ 144	+ 37.1
<i>Supermarkets C</i>	<i>1800–3000 m²</i>	3 003	2 509	+ 494	+ 19.7
<i>Supermarkets B</i>	<i>800– 1400 m²</i>	2 820	2 667	+ 153	+ 5.7
<i>Supermarkets A</i>	<i>250– 600 m²</i>	3 789	3 827	– 37	– 1.0
<i>Supermarkets</i>		9 613	9 002	+ 611	+ 6.8
Megastores/supermarkets		10 146	9 391	+ 755	+ 8.0
Other		27	52	– 25	– 47.5
Coop Retail		10 173	9 443	+ 730	+ 7.7
Department stores		1 247	1 233	+ 15	+ 1.2
<i>Building & hobby centres</i>		600	568	+ 32	+ 5.7
<i>Toptip</i>		225	224	+ 0	+ 0.2
<i>Lumimart</i>		32	11	+ 20	+ 178.2
<i>Import Parfumerie</i>		142	137	+ 6	+ 4.1
<i>Other</i>		20	23	– 3	– 11.2
Superstores		1 018	962	+ 56	+ 5.8
Coop Trading		2 266	2 195	+ 71	+ 3.2
Interdiscount		848	892	– 44	– 5.0
Hotels		26	29	– 3	– 10.4
Coop		13 313	12 559	+ 753	+ 6.0
Alcoba Distribution SA		76	68	+ 9	+ 12.8
Andréfleurs Assens SA		7	9	– 2	– 20.1
Bell-Gruppe (POS)		66	76	– 10	– 12.8
<i>Petrol stations</i>		570	475	+ 95	+ 20.0
<i>Coop Pronto at petrol stations</i>		171	139	+ 32	+ 22.8
<i>Coop Pronto stand-alone</i>		41	30	+ 11	+ 38.7
Coop Mineraloel AG		782	644	+ 138	+ 21.5
Coop Vitality AG		11	10	+ 1	+ 11.7
Other companies			1	– 1	– 100.0
Turnover, sales outlets		14 255	13 366	+ 889	+ 6.6
Remote Ordering		10	5	+ 6	+ 126.3
Onward retail sales		341	345	– 4	– 1.0
Retail turnover		14 606	13 715	+ 891	+ 6.5
Sundry direct onward sales		798	825	– 27	– 3.3
Sales of merchandise and services		15 404	14 540	+ 864	+ 5.9

Sales/retail turnover

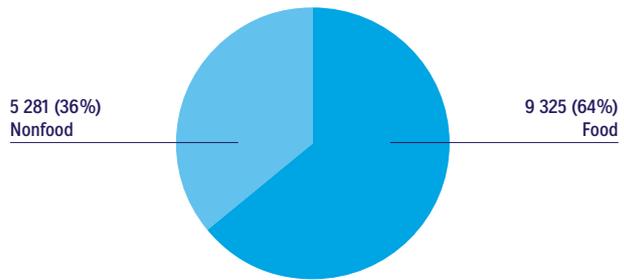
Sales of merchandise and services



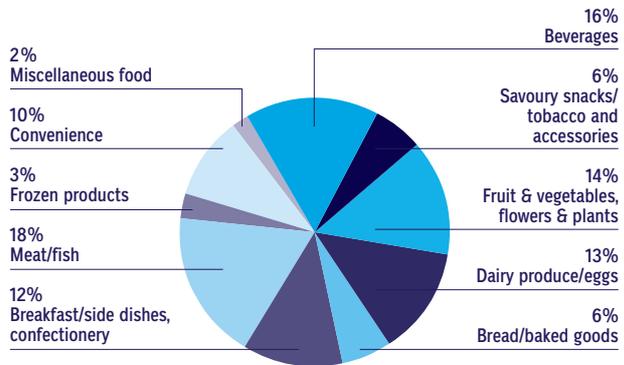
Retail turnover

By main categories

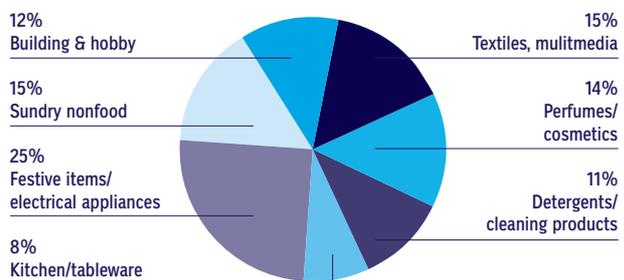
CHF m.



Food

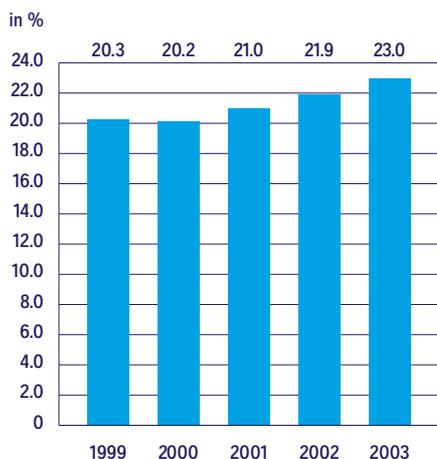


Nonfood

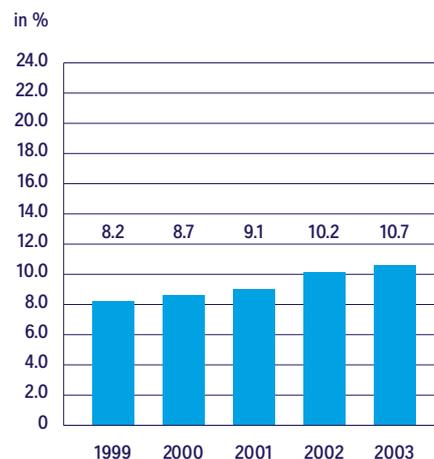


Market shares

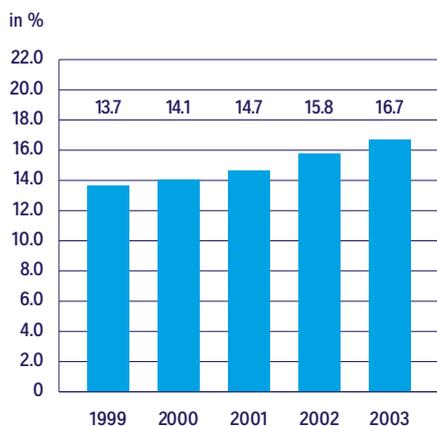
Food



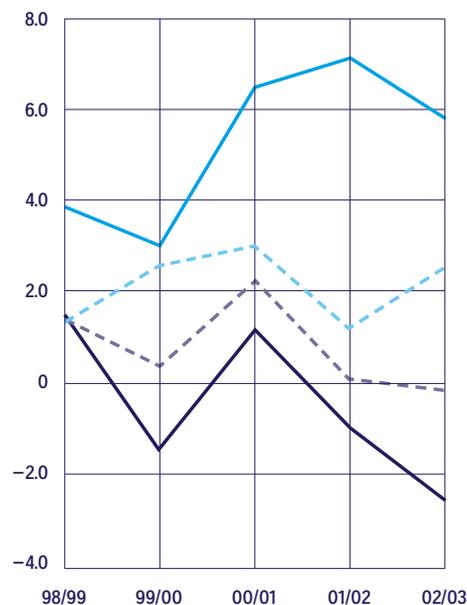
Nonfood



Coop Group



Change in %



— Coop retail trade turnover for market shares
 - - - Market volume, food
 — Market volume, nonfood
 - - - Total volume acc. to BAK research

CHF m.	1999	2000	2001	2002	2003
Retail turnover	11 651	12 154	12 795	13 715	14 606
./. Petrol stations, fuels	534	688	585	603	732
Coop retail trade turnover for market shares	11 117	11 467	12 210	13 112	13 874
Market volume, food	36 947	37 951	39 090	39 559	40 588
Market volume, nonfood	44 102	43 497	44 178	43 689	42 484
Total volume acc. to BAK research	81 049	81 448 ¹⁾	83 268 ¹⁾	83 248 ¹⁾	83 071

¹⁾ Adjustment of total volume BAK to December values (previously August values)

Sales outlets

		Sales outlets		Sales area		Turnover of sales outlets			
		Number on 31.12.		m ² on 31.12.		CHF m.	CHF m.	%	%
		2003	2002	2003	2002	2003	2002		Share
<i>Megastores</i>	<i>4500–8000 m²</i>	8	6	43 926	38 427	533	389	+ 37.1	3.7
<i>Supermarkets C</i>	<i>1800–3000 m²</i>	92	81	270 391	227 170	3 003	2 509	+ 19.7	21.1
<i>Supermarkets B</i>	<i>800–1400 m²</i>	164	156	229 953	215 594	2 820	2 667	+ 5.7	19.8
<i>Supermarkets A</i>	<i>250– 600 m²</i>	582	609	286 668	287 416	3 789	3 827	– 1.0	26.6
Supermarkets		838	846	787 012	730 180	9 613	9 002	+ 6.8	67.4
Megastores/supermarkets		846	852	830 938	768 607	10 146	9 391	+ 8.0	71.2
Other		26	27	9 167	9 138	27	52	– 47.5	0.2
Coop Retail		872	879	840 105	777 745	10 173	9 443	+ 7.7	71.4
Department stores		50	50	170 327	164 723	1 247	1 233	+ 1.2	8.8
<i>Building & hobby centres</i>		59	55	214 291	193 446	600	568	+ 5.7	4.2
<i>Toptip</i>		46	44	132 477	125 210	225	224	+ 0.2	1.6
<i>Lumimart</i>		16	15	12 280	11 493	32	11	+ 178.2	0.2
<i>Import Parfumerie</i>		90	81	9 185	8 268	142	137	+ 4.1	1.0
<i>Other</i>		6	7	3 633	2 929	20	23	– 11.2	0.1
Superstores		217	202	371 866	341 346	1018	962	+ 5.8	7.1
Coop Trading		267	252	542 193	506 069	2 266	2 195	+ 3.2	15.9
Interdiscount		182	190	40 396	40 220	848	892	– 5.0	5.9
Hotels		3	3			26	29	– 10.4	0.2
Coop		1 324	1 324	1 422 694	1 324 034	13 313	12 559	+ 6.0	93.4
Alcoba Distribution SA		2	2	9 002	6 600	76	68	+ 12.8	0.5
Andréfleurs Assens SA		1	1	10 918	10 918	7	9	– 20.1	0.0
Bell-Gruppe (POS)		38	40	3 433	3 923	66	76	– 12.8	0.5
<i>Petrol stations</i>		124	104			570	475	+ 20.0	4.0
<i>Coop Pronto at petrol stations</i>		(101)	(86)	7 863	6 080	171	139	+ 22.8	1.2
<i>Coop Pronto stand-alone</i>		17	12	2 318	1 613	41	30	+ 38.7	0.3
Coop Mineraloel AG		141	116	10 181	7 693	782	644	+ 21.5	5.5
Coop Vitality AG		7	4	1 921	1 237	11	10	+ 11.7	0.1
Various companies							1	– 100.0	0.0
Subsidiaries		189	163	35 455	30 371	942	807	+ 16.8	6.6
Sales outlets		1 513	1 487	1 458 149	1 354 405	14 255	13 366	+ 6.6	100.0

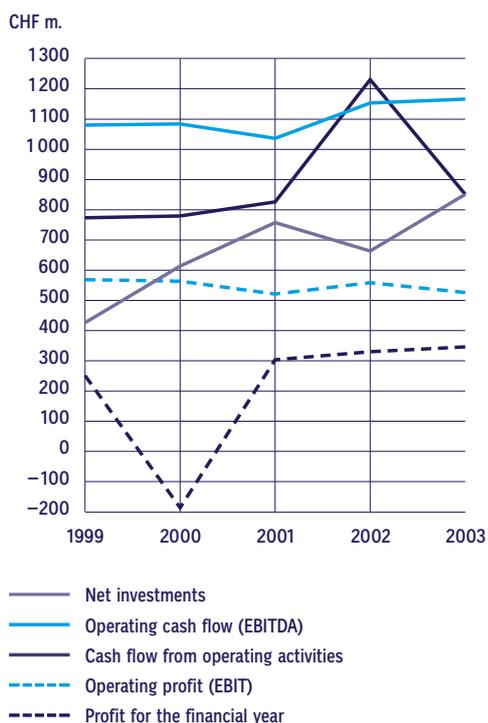
Subsidiaries

Situation on 1 January 2004

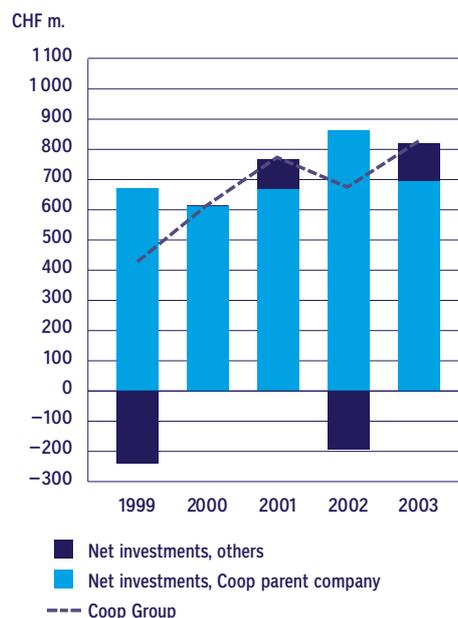
	Net sales		Full-time employees	Share capital at 31.12.2003	
	CHF m.	CHF m.		Coop holding	
	2003	2002	2003	CHF m.	%
Alcoba Distribution SA	68	60	191	4.4	50.0
Andréfleurs Assens SA	7	9	40	2.0	100.0
Bell-Gruppe	1 543	1 505	3 693	2.0	60.5
Coop Bildungszentren MuttENZ + Jongny	12	12	66	0.0	100.0
Coop Mineraloel AG	851	721	51	10.0	51.0
Coop Switzerland Far East Ltd.		1		0.0	100.0
Coop Vitality AG	11	9	47	5.0	51.0
Fehr & Engeli AG	1	1	8	0.1	88.0

Key financial data / investments

Key financial data (consolidated)



Breakdown of net investments



CHF m.	1999	2000	2001	2002	2003
Suisse Romande Region			84	34	103
Bern Region			35	77	76
Nordwestschweiz Region			110	109	71
Zentralschweiz-Zürich Region			83	78	52
Ostschweiz-Ticino Region			41	69	107
Department stores			23	20	33
Coop parent company incl. production			29	235	214
Property Business Unit			259	244	37
Net investments, Coop parent company	672	612	664	865	694
Net investments, others	- 238	1	94	- 196	164
Net investments	434	613	758	669	858
Operating cash flow (EBITDA)	1084	1085	1066	1 151	1 177
Operating profit (EBIT)	569	570	521	563	531
Profit for the financial year	255	- 198	302	331	341
Cash flow from operating activities	777	781	832	1 255	864

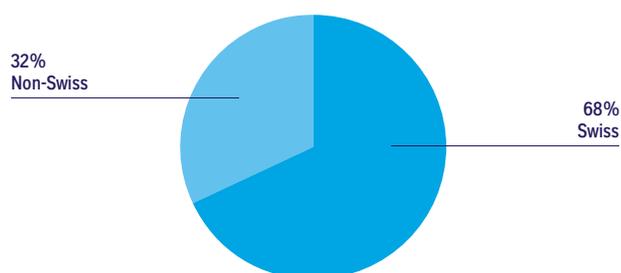
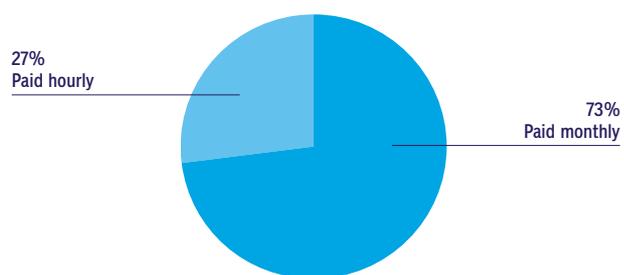
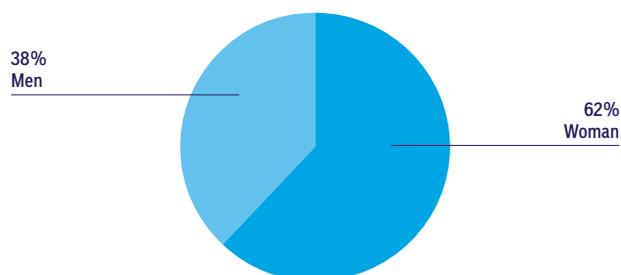
Employees

	2003	2002	Change	%
<i>SRE Suisse Romande</i>	4 363	4 096	+ 267	+ 6.5
<i>SRE Bern</i>	3 494	3 544	– 50	– 1.4
<i>SRE Nordwestschweiz</i>	4 312	4 284	+ 28	+ 0.6
<i>SRE Zentralschweiz-Zürich</i>	4 715	4 331	+ 384	+ 8.9
<i>SRE Ostschweiz-Ticino</i>	4 611	4 467	+ 144	+ 3.2
<i>Corporate Services Retail</i>	166	123	+ 42	+ 34.2
Retail	21 661	20 846	+ 815	+ 3.9
<i>Department stores</i>	4 033	4 208	– 176	– 4.2
<i>Building & hobby centres</i>	1 264	1 240	+ 24	+ 1.9
<i>Toptip</i>	544	494	+ 50	+ 10.2
<i>Lumimart</i>	84	78	+ 6	+ 7.3
<i>Import Parfumerie</i>	428	493	– 65	– 13.2
<i>Corporate Services Trading</i>	35	41	– 6	– 14.8
Trading	6 387	6 554	– 167	– 2.5
<i>Interdiscount</i>	1 582	1 663	– 81	– 4.9
<i>Logistics</i>	5 066	5 027	+ 39	+ 0.8
<i>Manufacturing</i>	678	613	+ 65	+ 10.6
<i>Other corporate services/Property Business Unit</i>	1 664	1 559	+ 105	+ 6.7
Coop parent company	37 038	36 261	+ 776	+ 2.1
Coop Mineraloel AG	51	46	+ 5	+ 10.1
Coop Vitality AG ¹⁾	47	40	+ 7	+ 17.5
Bell-Gruppe	3 693	3 715	– 22	– 0.6
Other companies	420	466	– 46	– 9.8
Full-time employees (incl. apprentices)	41 249	40 528	+ 720	+ 1.8
<i>SRE Suisse Romande</i>	5 647	5 024	+ 623	+ 12.4
<i>SRE Bern</i>	4 702	5 017	– 315	– 6.3
<i>SRE Nordwestschweiz</i>	5 324	5 145	+ 179	+ 3.5
<i>SRE Zentralschweiz-Zürich</i>	6 269	5 564	+ 705	+ 12.7
<i>SRE Ostschweiz-Ticino</i>	5 824	5 627	+ 197	+ 3.5
<i>Corporate Services Retail</i>	141	136	+ 5	+ 3.7
Retail	27 907	26 513	+ 1 394	+ 5.3
<i>Department stores</i>	4 884	5 214	– 330	– 6.3
<i>Building & hobby centres</i>	1 526	1 499	+ 27	+ 1.8
<i>Toptip</i>	665	601	+ 64	+ 10.6
<i>Lumimart</i>	119	112	+ 7	+ 6.3
<i>Import Parfumerie</i>	552	557	– 5	– 0.9
<i>Corporate Services Trading</i>	45	51	– 6	– 11.8
Trading	7 791	8 034	– 243	– 3.0
<i>Interdiscount</i>	1 692	1 771	– 79	– 4.5
<i>Logistics</i>	5 636	5 447	+ 189	+ 3.5
<i>Manufacturing</i>	778	828	– 50	– 6.0
<i>Other corporate services/Property Business Unit</i>	1 966	1 896	+ 70	+ 3.7
Coop parent company	45 770	44 489	+ 1 281	+ 2.9
Coop Mineraloel AG	52	49	+ 3	+ 6.1
Coop Vitality AG ¹⁾	85	53	+ 32	+ 60.4
Bell-Gruppe	3 941	4 040	– 99	– 2.5
Other companies	558	616	– 58	– 9.4
Employees (incl. apprentices)	50 406	49 247	+ 1 159	+ 2.4

	2003	2002	Change	%
<i>SRE Suisse Romande</i>	173	189	- 16	- 8.5
<i>SRE Bern</i>	151	157	- 6	- 3.8
<i>SRE Nordwestschweiz</i>	235	223	+ 12	+ 5.4
<i>SRE Zentralschweiz-Zürich</i>	294	260	+ 34	+ 13.1
<i>SRE Ostschweiz-Ticino</i>	296	287	+ 9	+ 3.1
<i>Corporate Services Retail</i>	2	2	+ 0	+ 0.0
Retail	1151	1118	+ 33	+ 3.0
<i>Department stores</i>	196	211	- 15	- 7.1
<i>Building & hobby centres</i>	75	76	- 1	- 1.3
<i>Toptip</i>	12	7	+ 5	+ 71.4
<i>Lumimart</i>	0	0	+ 0	+ 0.0
<i>Import Parfumerie</i>	48	43	+ 5	+ 11.6
<i>Corporate Services Trading</i>	0	1	- 1	- 100.0
Trading	331	338	- 7	- 2.1
<i>Interdiscount</i>	296	303	- 7	- 2.3
<i>Logistics</i>	95	104	- 9	- 8.7
<i>Manufacturing</i>	14	14	+ 0	+ 0.0
<i>Other corporate services/Property Business Unit</i>	63	61	+ 2	+ 3.3
Coop parent company	1950	1938	+ 12	+ 0.6
Coop Mineraloel AG	1	1	+ 0	+ 0.0
Coop Vitality AG	12	0	+ 12	+ 0.0
Bell-Gruppe	79	75	+ 4	+ 5.3
Other companies	13	11	+ 2	+ 18.2
Apprentices (full-time)	2 055	2 025	+ 30	+ 1.5

¹⁾ Year-back figures adapted

Personnel structure

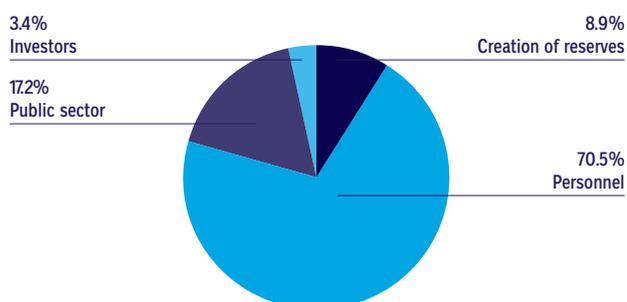


Statement of added value

	CHF m. 2003	CHF m. 2002	Change %
Sales of merchandise and services	15 404	14 540	+ 5.9
<i>Merchandise</i>	- 9 100	- 8 573	+ 6.1
<i>Other</i>	- 1 854	- 1 456	+ 27.3
Purchase of goods and services	- 10 954	- 10 029	+ 9.2
Gross added value	4 449	4 511	- 1.4
Depreciation and provisions	- 605	- 758	- 20.2
Net added value	3 844	3 753	+ 2.4
Wages and salaries	- 2 223	- 2 162	+ 2.8
Social security contributions	- 378	- 366	+ 3.3
Other personnel costs	- 67	- 67	- 0.3
Personnel benefits	- 43	- 39	+ 9.2
Personnel	- 2 712	- 2 635	+ 2.9
Taxes	- 84	- 70	+ 19.9
Operations-related taxes, charges and fees	- 30	- 27	+ 7.8
Customs duties	- 451	- 408	+ 10.5
Value added tax	- 95	- 98	- 2.7
Public sector	- 660	- 603	+ 9.4
Investors	- 132	- 184	- 28.3
Creation of (-)/withdrawal (+) from reserves	- 341	- 331	+ 3.0
Distribution of added value	- 3 844	- 3 753	+ 2.4

Year-back figures adjusted

Distribution 2003



Development of Coop Group

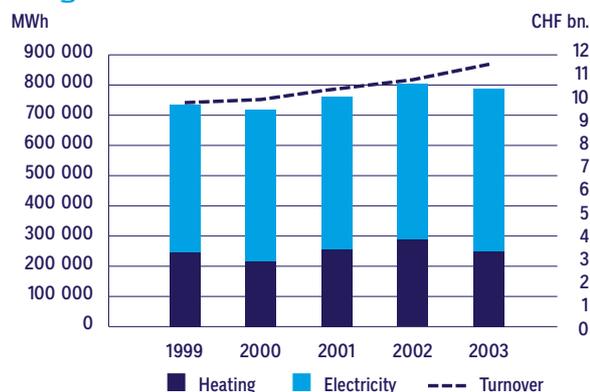
	1999	2000	2001	2002	2003	
Key financial data consolidated (CHF m.)						
Retail trade turnover	11 651	12 195	12 798	13 715	14 606	
Sales of merchandise and services	12 696	13 007	13 568	14 540	15 404	
Net sales	12 074	12 337	12 759	13 721	14 434	
Operating cash flow (EBITDA)	1 084	1 085	1 066	1 151	1 177	
Operating profit (EBIT)	569	570	521	563	531	
Financial results	- 177	- 171	- 191	- 166	- 98	
Profit/loss for the financial year	255	- 198	302	331	341	
Interest-bearing liabilities	4 985	5 058	4 998	4 464	4 448	
Net financial debt	4 576	4 595	4 503	4 019	4 115	
Equity incl. minority interests	3 177	2 993	3 223	3 625	3 930	
<i>Equity ratio in %</i>	<i>31.7</i>	<i>28.6</i>	<i>29.9</i>	<i>32.7</i>	<i>34.5</i>	
Total assets	10 032	10 459	10 794	11 095	11 385	
Cash flow from operating activities	777	781	832	1 255	864	
Cash flow from investment activities	- 434	- 613	- 758	- 669	- 858	
Cash flow from financial activities	- 434	- 112	- 43	- 636	- 119	
Personnel						
Employees	(31.12.)	44 447	45 103	46 197	49 247	50 406
Full-time employees		35 720	36 128	37 417	40 528	41 249
Member households						
	(31.12.)	1 931 418	2 033 545	2 082 387	2 149 863	2 250 740
Market shares (%)						
Basis: market volume acc. to BAK						
<i>Food</i>		<i>20.3</i>	<i>20.2</i>	<i>21.0</i>	<i>21.9</i>	<i>23.0</i>
<i>Nonfood</i>		<i>8.2</i>	<i>8.7</i>	<i>9.1</i>	<i>10.2</i>	<i>10.7</i>
<i>Coop Group</i>		<i>13.7</i>	<i>14.1</i>	<i>14.7</i>	<i>15.8</i>	<i>16.7</i>
Sales outlets						
Sales outlets	(31.12.)	1 649	1 610	1 597	1 487	1 513
Sales area (m ²)	(31.12.)	1 101 101	1 133 931	1 188 157	1 354 405	1 458 149
Turnover (CHF m.)		11 529	11 841	12 415	13 366	14 255

Key environmental figures

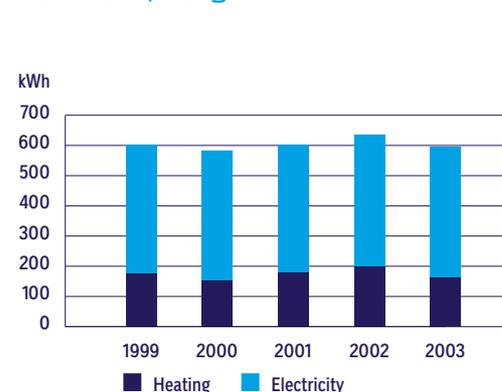
Survey period for energy data collection July–June

5 regions ¹⁾	2003	2002	%
Coop flagship labels			
Sales of Coop Naturaplan (1000 CHF)	1 146 720	1 014 411	+ 13.0
Sales of Coop Naturaline (1000 CHF)	39 199	33 653	+ 16.5
Sales of Coop Oecoplan (1000 CHF)	80 972	71 353	+ 13.5
Sales of Max Havelaar (1000 CHF)	72 172	50 273	+ 43.6
Sales (1 000 CHF)	1 339 063	1 169 690	+ 14.5
Electricity			
Consumption sales outlets (MWh)	445 577	432 898	+ 2.9
Consumption distribution centres (MWh)	90 244	85 266	+ 5.8
Consumption (MWh)	535 821	518 164	+ 3.4
Consumption per 1 000 CHF of turnover (kWh)	46.5	47.7	- 2.5
Consumption per m ² of sales area (kWh)	431	434	- 0.7
Heating			
Consumption sales outlets (MWh)	169 208	206 350	- 18.0
Consumption distribution centres (MWh)	80 816	79 962	+ 1.1
Consumption (MWh)	250 024	286 312	- 12.7
Consumption per 1 000 CHF of turnover (kWh)	21.7	26.3	- 17.6
Consumption per m ² of sales area (kWh)	164	207	- 20.8
Energy (electricity + heating)			
Consumption sales outlets (MWh)	614 785	639 248	- 3.8
Consumption distribution centres (MWh)	171 060	165 228	+ 3.5
Consumption (MWh)	785 845	804 476	- 2.3
Consumption per 1 000 CHF of turnover (kWh)	68.2	74.0	- 7.8
Consumption per m ² of sales area (kWh)	595	641	- 7.2
Diesel consumption by goods vehicles per 100 km (in litres)	32.4	32.1	+ 0.9
Percentage of waste recycled	57	52	+ 9.6

Total energy consumption, 5 regions



Energy consumption per m² of sales area, 5 regions



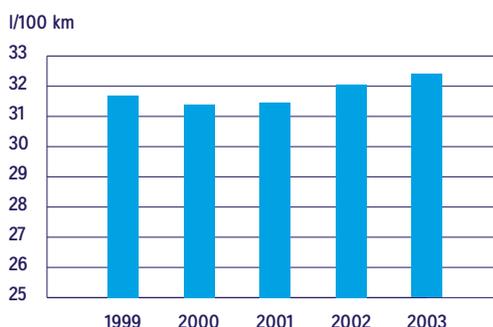
Headquarters²⁾	2003	2002	%
Electricity			
Consumption national distribution centres (MWh)	14 643	14 713	- 0.5
Consumption administration (MWh)	5 151	4 501	+ 14.4
Consumption (MWh)	19 794	19 214	+ 3.0
Heating			
Consumption national distribution centres (MWh)	19 368	22 051	- 12.2
Consumption administration (MWh)	4 282	3 928	+ 9.0
Consumption (MWh)	23 650	25 979	- 9.0
Energy (electricity + heating)			
Consumption national distribution centres (MWh)	34 011	36 764	- 7.5
Consumption administration (MWh)	9 433	8 429	+ 11.9
Consumption (MWh)	43 444	45 193	- 3.9
Percentage of waste recycled	67	71	- 5.6
Manufacturing³⁾			
Electricity			
Consumption (MWh)	65 685	66 728	- 1.6
Consumption per 1 000 CHF of turnover (kWh)	53.0	60.9	- 13.0
Heating			
Consumption (MWh)	59 746	60 512	- 1.3
Consumption per 1 000 CHF of turnover (kWh)	49.0	55.2	- 11.2
Energy (electricity + heating)			
Consumption (MWh)	125 431	127 240	- 1.4
Consumption per 1 000 CHF of turnover (kWh)	102.0	116.1	- 12.1
Percentage of waste recycled	63	57	+ 10.5

¹⁾ Suisse Romande, Bern, Nordwestschweiz, Zentralschweiz-Zürich and Ostschweiz-Ticino regions

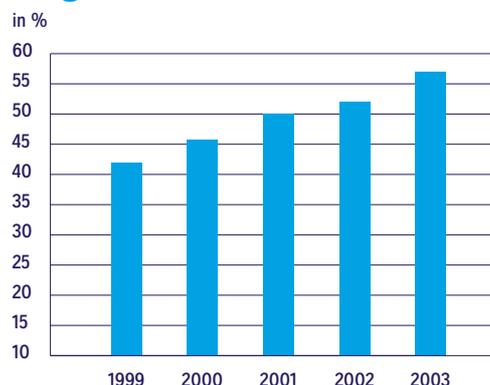
²⁾ Banana Ripening Plant in Kaiseraugst, Flower Centre in Pratteln, Purchasing and Distribution Centre in Wangen, Distribution Centre Building & Hobby in Gwatt, Production and Distribution Centre in Pratteln, Administration in Basle

³⁾ Argo AG, Bell AG, Chocolats Halba AG, CWK AG, Nutrex AG, Panofina, Pasta Gala SA, Reismühle Brunnen AG, Swissmill

Specific diesel consumption by goods vehicles, 5 regions



Percentage of waste recycled, 5 regions



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All values rounded up/down individually

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Consolidated
annual
accounts
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Consolidated profit and loss account

	Notes	CHF m. 2003	Share %	CHF m. 2002	Share %
Sales of merchandise and services		15 404		14 540	
Sales deductions		– 969		– 820	
Net sales	1	14 434	100.0	13 721	100.0
Merchandise expense		– 9 551		– 8 981	
Gross income		4 883	33.8	4 739	34.5
Other operating income ¹⁾	2	603		582	
Personnel costs	3	– 2 668		– 2 595	
Advertising costs		– 355		– 354	
Other operating expenses ¹⁾	4	– 1 285		– 1 221	
Operating cash flow (EBITDA) ¹⁾		1 177	8.2	1 151	8.4
Depreciation	5	– 646		– 587	
Operating profit (EBIT) ¹⁾		531	3.7	563	4.1
Financial income/expense	6	– 98		– 166	
Non-operating income from property transactions ¹⁾	7	23		25	
Off-balance-sheet income/expense	8			4	
Extraordinary income/expense	9	6		7	
Pre-tax profit/loss		462	3.2	435	3.2
Taxes	10	– 108		– 102	
Profit/loss after taxes		353	2.4	333	2.4
Minority interests in profit/loss		– 12		– 2	
Profit/loss for the financial year		341	2.4	331	2.4

¹⁾ Year-back figure adjusted

Consolidated balance sheet

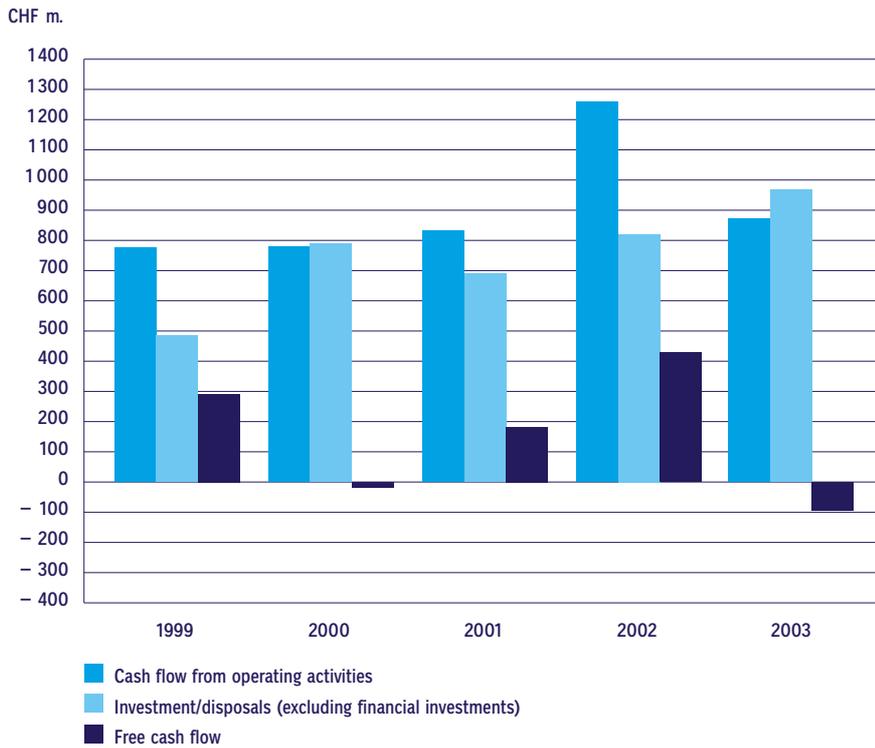
On 31 December

	Notes	CHF m. 2003	Share %	CHF m. 2002	Share %
Liquidity	11	332		445	
Trade debtors	12	355		290	
Other debtors	13	210		245	
Stocks	14	1 526		1 462	
Current assets		2 424	21.3	2 443	22.0
Intangible fixed assets	15	323		154	
Financial assets	16	257		344	
Furniture, vehicles, machinery	17	1 247		1 276	
Immovable property	18	7 134		6 878	
Fixed assets		8 961	78.7	8 652	78.0
Assets		11 385	100.0	11 095	100.0
Trade creditors	19	1 088		1 086	
Other liabilities	20	1 119		937	
Short-term liabilities		2 207	19.4	2 023	18.2
Long-term liabilities	21	2 850		2 310	
Liabilities secured by lien	22	1 371		1 959	
Provisions	23	1 027		1 178	
Long-term liabilities		5 248	46.1	5 447	49.1
Liabilities	24	7 455	65.5	7 470	67.3
Participation certificate capital					
Reserves		1 162		875	
<i>Revenue reserves</i>		2 219		2 175	
<i>Profit/loss for the financial year</i>		341		331	
Unappropriated profit/accumulated loss		2 560		2 506	
<i>Equity excl. minority interests</i>		3 722	32.7	3 381	30.5
<i>Minorities</i>		208	1.8	243	2.2
Equity incl. minority interests	25	3 930	34.5	3 625	32.7
Liabilities and equity		11 385	100.0	11 095	100.0

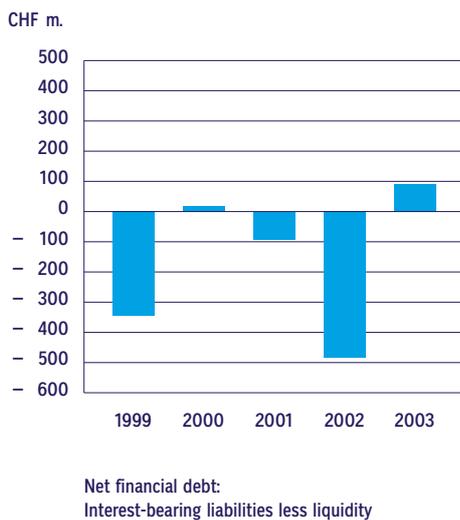
Consolidated cash flow statement

Source/application of liquidity	Notes	CHF m. 2003	CHF m. 2002
Profit/loss for the financial year		341	331
Writedown of financial investments			64
Depreciation of intangible assets		61	30
Depreciation of furniture, vehicles and machinery		357	324
Depreciation of immovable property		290	259
Depreciation of non-operational plant		7	
Depreciation		715	677
Profit (-)/loss on sale of fixed assets		- 98	- 72
Results not impacting on liquidity			- 57
Income (-)/expense on valuation of equity stakes		- 3	- 2
Increase/decrease in provisions		- 106	94
Cash flow before changes in net current assets		849	971
Increase/decrease (-) in current assets		24	50
Increase/decrease in interest-free liabilities		- 9	234
Cash flow from operating activities		864	1 255
Investments in intangible assets		- 26	- 15
Disposals of intangible assets			
Reclassifications of intangible assets			- 100
Intangible assets		- 26	- 115
Investments in furniture, vehicles and machinery		- 336	- 393
Disposals of furniture, vehicles and machinery		12	23
Furniture, vehicles and machinery		- 324	- 370
Investments in immovable property		- 572	- 715
Immovable property, own work capitalized		- 4	- 13
Disposals of immovable property		315	337
Immovable property		- 261	- 391
Investment in participating interests		- 343	63
Disposal of participating interests			
Participating interests		- 343	63
Financial investments		- 24	
Disposal of financial investments		120	44
Reclassifications of financial investments			100
Total financial investments		96	144
Cash flow from investment activities	26	- 858	- 669
Increase/decrease in interest-bearing liabilities		- 118	- 630
Increase/decrease in minority interests		- 1	- 6
Cash flow from financial transactions		- 119	- 636
Cash flow/cash drain (-)		- 113	- 50
Liquidity at beginning of year		445	495
Cash flow/cash drain (-)		- 113	- 50
Liquidity at end of year		332	445

Free cash flow



Change in net financial debt



Notes to the consolidated annual accounts

Consolidation principles

Principles

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

In preparation for the application of the Swiss GAAP ARR that entered into force on 1 January 2004, current taxes, previously classified as provisions, were reclassified as other short-term liabilities, non-interest-bearing, or as deferred income. In 2002, current taxes amounted to 77 million Swiss francs.

Fully consolidated companies

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

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

Equity method

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

Other investments

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

Scope of consolidation

The consolidated Coop companies are listed on page 104.

Valuation principles for selected items

Liquidity

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

Trade debtors and other debtors

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

Stocks

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

Intangible fixed assets

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

Financial assets

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

Tangible fixed assets

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

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

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

The market values of Coop's real estate are determined internally. Taken as a whole, the market values of these properties are well above their book values, which means that on the basis of going concern values there are substantial reserves left over. Overvaluations of the individual properties are negligible; the book value has therefore not been adjusted.

Debt

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

Taxes

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

Current taxes, previously classified as provisions, were reclassified as other short-term liabilities, non-interest-bearing, or as deferred income. In 2002, the liabilities arising from current taxes amounted to 77 million Swiss francs.

Changes to the scope of consolidation of Coop Group

In the 2003 business year, the following changes occurred in the scope of consolidation at Coop compared with the previous year:

Gonset Distribution SA merged with TopTip AG with effect as of 1 January 2003.

Also with effect as of 1 January 2003, Servette Hall Holding SA merged with SI Armanda SA, which in turn merged with Coop Immobilien AG. With effect as of 1 January 2003, Butzenbühl AG, Immobilien AG Coop Aargau, Extensim SA and Baugenossenschaft Regina merged with Coop Immobilien AG, as did Baugenossenschaft Hofegg with effect as of 30 September 2003. S.I. Parc de Budé and S.I. Le Châtel SA are in the process of being liquidated and were deconsolidated with effect as of 31 December 2003.

In 2003, Waro AG was included in the scope of consolidation as a fully consolidated company. It was consolidated into the annual accounts of the Coop Group as of 1 January 2003, the date laid down in the purchase agreement on which the benefit and risks were to be passed on. The necessary approval of the Swiss Competition Commission (Weko) was given on 19 May 2003. The capital of HiCoPain AG was increased with effect as of 9 January 2003. The company is now included in the annual accounts on the basis of the prorated capital and reserves. A 25% interest was acquired in Toomax-x Handelgesellschaft m.b.H as of 1 April 2003.

On 31 December 2003, the option to acquire the remaining 60% of the capital of EPA AG at the predetermined price was exercised.

Within the Bell Group, Grande Boucherie du Molard, Cool Food AG, Grieder AG, SEG-Poulets AG, Top Toque SA, Vulliamy SA and Fleisch AG were merged.

Decoramax SA was sold on 31 December 2003.

Notes to the consolidated profit and loss account

	CHF m. 2003	CHF m. 2002
Net sales food	9 248	8 811
Net sales nonfood	5 186	4 910
1 Net sales by sector	14 434	13 721
Suisse Romande Region	2 765	2 502
Bern Region	1 965	1 950
Nordwestschweiz Region	2 858	2 809
Zentralschweiz-Zürich Region	3 002	2 790
Ostschweiz-Ticino Region	2 634	2 477
Headquarters	574	567
Production	637	627
1 Net sales	14 434	13 721
New distribution, year-back figures adjusted		
Other operating income	512	460
Operating rent income ¹⁾	92	113
Own work capitalized	4	13
Change in stocks of semi-manufactured and finished goods	– 4	– 3
2 Other operating income ¹⁾	603	582
"Other operating income" also includes revenues from the Toto (football pools), Lotto (lottery), car parks, advertising, dry cleaning facilities, film-processing laboratories and various agency commissions.		
¹⁾ Year-back figure adjusted by the amount of CHF +42 million (see note 4) and CHF –30 million (see note 7)		
Wages and salaries	– 2 223	– 2 162
Personnel welfare costs	– 378	– 366
Other personnel costs	– 67	– 67
3 Personnel costs	– 2 668	– 2 595
Rent	– 343	– 295
Office and administrative costs	– 166	– 175
Insurance premiums (nonlife) and charges	– 56	– 50
Maintenance and replacement costs	– 224	– 224
Energy and supplies	– 232	– 233
Miscellaneous expenses ²⁾	– 265	– 244
4 Other operating expenses ²⁾	– 1 285	– 1 221

²⁾ Year-back figure adjusted by the amount of CHF –42 million (see note 2)

	CHF m. 2003	CHF m. 2002
Goodwill	– 20	– 13
Other investments in intangible assets	– 25	– 17
Furniture, vehicles and machinery	– 334	– 316
Immovable property	– 266	– 241
5 Depreciation	– 646	– 587
Cf. details in 7 “Non-operating income from property transactions” and 9 “Extraordinary income/expense”		
<i>Interest income and dividends</i>	31	16
<i>Investment income from equity-consolidated companies</i>	3	2
Financial income	34	18
<i>Interest expense</i>	– 127	– 169
<i>Unrealized losses on equities</i>	– 1	– 13
<i>Other financial expenses</i>	– 3	– 2
Financial expenses	– 132	– 184
6 Financial income/expense	– 98	– 166
Rental income ³⁾	38	33
Non-operating depreciation	– 7	– 1
Other non-operating expenses	– 8	– 8
7 Non-operating income from property transactions ³⁾	23	25
³⁾ Year-back figure adjusted by the amount of CHF +30 million (see note 2)		
Income		9
Expenses		– 5
8 Off-balance-sheet income/expense		4
<i>Income from disposal of fixed assets</i>	98	72
<i>Other extraordinary income</i>	259	210
Extraordinary income	357	282
Extraordinary depreciation	– 63	– 23
Other extraordinary expenses	– 288	– 251
9 Extraordinary income/expenses	6	7
“Extraordinary income” includes inter alia CHF 66 million from the release of the CoopForte provision and CHF 70 million for Bank Coop. The corresponding counterpositions are stated under “Extraordinary depreciation” and “Other extraordinary expenses”.		
Current tax expenses	– 79	– 57
Property transfer and property gains taxes	– 5	– 13
Deferred taxes	– 24	– 31
10 Taxes	– 108	– 102

Notes to the consolidated balance sheet

	CHF m.	CHF m.				
	2003	2002				
Cash at banks and in hand	263	349				
Term deposits at banks	23	41				
Securities	45	54				
11 Liquidity	332	445				
Trade debtors	355	286				
Sums due from partly consolidated companies	0	5				
12 Trade debtors	355	290				
Other debtors	52	67				
Prepaid expenses and deferred charges	159	179				
13 Other debtors	210	245				
Merchandise	1 287	1 204				
Semi-manufactured and finished goods (production)	129	103				
Raw material	92	134				
Auxiliary and packaging materials	18	21				
14 Stocks	1 526	1 462				
	Goodwill	Patents/ licences	Organiza- tional costs	Software		
Net book value on 1.1.	91	0	35	27	154	55
<i>Acquisition value on 1.1.</i>	<i>332</i>	<i>6</i>	<i>178</i>	<i>34</i>	<i>550</i>	<i>413</i>
<i>Changes to scope of consolidation</i>				<i>0</i>	<i>0</i>	<i>11</i>
<i>Investments</i>	<i>204</i>	<i>2</i>	<i>5</i>	<i>15</i>	<i>225</i>	<i>15</i>
<i>Disposals</i>	<i>- 0</i>		<i>- 6</i>		<i>- 6</i>	<i>- 2</i>
<i>Impact of changes on foreign exchange rates</i>	<i>0</i>	<i>0</i>	<i>0</i>		<i>0</i>	<i>- 0</i>
<i>Reclassifications</i>	<i>- 212</i>	<i>- 5</i>	<i>- 81</i>	<i>7</i>	<i>- 291</i>	<i>114</i>
Acquisition value on 31.12.	323	3	95	57	478	550
<i>Accumulated depreciation on 1.1.</i>	<i>- 241</i>	<i>- 6</i>	<i>- 143</i>	<i>- 7</i>	<i>- 397</i>	<i>- 358</i>
<i>Changes to the scope of consolidation</i>				<i>- 0</i>	<i>- 0</i>	<i>- 10</i>
<i>Depreciation</i>	<i>- 21</i>	<i>- 0</i>	<i>- 13</i>	<i>- 11</i>	<i>- 45</i>	<i>- 30</i>
<i>Extraordinary depreciation</i>	<i>- 16</i>				<i>- 16</i>	
<i>Accumulated depreciation on disposals</i>	<i>0</i>		<i>6</i>		<i>6</i>	<i>2</i>
<i>Impact of changes on foreign exchange rates</i>	<i>- 0</i>	<i>- 0</i>			<i>- 0</i>	<i>0</i>
<i>Reclassifications</i>	<i>212</i>	<i>5</i>	<i>81</i>	<i>- 1</i>	<i>297</i>	
Accumulated depreciation on 31.12.	- 66	- 1	- 68	- 20	- 155	- 397
15 Intangible assets on 31.12.	258	2	27	36	323	154

No R&D costs were capitalized.

	Financial assets held at banks	Other financial assets	Participations (Equity method)		CHF m. 2003	CHF m. 2002
Net book value on 1.1.	142	199	4		344	497
Addition		24	9		33	42
Disposal	- 78	- 42			- 120	- 32
Value adjustment						- 63
Reclassifications						- 99
16 Financial investments on 31.12.	64	180	12		257	344
	Furniture/ tools	Vehicles	IT	Machinery/ plant		
Net book value on 1.1.	725	65	145	341	1 276	1 185
<i>Acquisition value on 1.1.</i>	<i>1 713</i>	<i>162</i>	<i>473</i>	<i>811</i>	<i>3 159</i>	<i>2 737</i>
<i>Changes to scope of consolidation</i>	<i>64</i>	<i>- 1</i>	<i>- 1</i>	<i>- 1</i>	<i>61</i>	<i>189</i>
<i>Investments</i>	<i>192</i>	<i>22</i>	<i>55</i>	<i>67</i>	<i>336</i>	<i>393</i>
<i>Disposals</i>	<i>- 80</i>	<i>- 10</i>	<i>- 19</i>	<i>- 24</i>	<i>- 133</i>	<i>- 150</i>
<i>Impact of changes on foreign exchange rates</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>- 0</i>
<i>Reclassifications</i>	<i>23</i>	<i>0</i>	<i>- 6</i>	<i>- 47</i>	<i>- 29</i>	<i>- 9</i>
Acquisition value on 31.12.	1 912	174	502	806	3 394	3 159
<i>Accumulated depreciation on 1.1.</i>	<i>- 988</i>	<i>- 98</i>	<i>- 328</i>	<i>- 470</i>	<i>- 1 883</i>	<i>- 1 552</i>
<i>Changes to the scope of consolidation</i>	<i>- 34</i>	<i>0</i>	<i>1</i>	<i>0</i>	<i>- 33</i>	<i>- 144</i>
<i>Depreciation</i>	<i>- 192</i>	<i>- 17</i>	<i>- 68</i>	<i>- 57</i>	<i>- 334</i>	<i>- 316</i>
<i>Extraordinary depreciation</i>	<i>- 11</i>	<i>- 0</i>	<i>- 0</i>	<i>- 12</i>	<i>- 23</i>	<i>- 8</i>
<i>Accumulated depreciation on disposals</i>	<i>73</i>	<i>9</i>	<i>19</i>	<i>22</i>	<i>122</i>	<i>136</i>
<i>Impact of changes on foreign exchange rates</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>	<i>- 0</i>	<i>0</i>
<i>Reclassifications</i>	<i>3</i>	<i>0</i>	<i>3</i>	<i>- 1</i>	<i>5</i>	<i>0</i>
Accumulated depreciation on 31.12.	- 1 150	-106	- 374	- 518	- 2 147	- 1 883
17 Furniture, vehicles, machinery on 31.12.	763	68	128	288	1 247	1 276

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

	Vacant plots of land	Installations	Buildings	Properties not used for operational purposes	CHF m. 2003	CHF m. 2002
Net book value on 1.1.	81	889	5 804	105	6 878	6 660
<i>Acquisition value on 1.1.</i>	<i>88</i>	<i>1 582</i>	<i>7 611</i>	<i>157</i>	<i>9 438</i>	<i>9 020</i>
<i>Changes to scope of consolidation</i>	<i>– 0</i>	<i>0</i>	<i>258</i>		<i>258</i>	<i>61</i>
<i>Investments</i>	<i>3</i>	<i>250</i>	<i>312</i>	<i>10</i>	<i>576</i>	<i>728</i>
<i>Disposals</i>	<i>– 11</i>	<i>– 44</i>	<i>– 267</i>	<i>– 37</i>	<i>– 359</i>	<i>– 365</i>
<i>Impact of changes on foreign exchange rates</i>		<i>0</i>	<i>1</i>	<i>0</i>	<i>2</i>	<i>– 0</i>
<i>Reclassifications</i>	<i>– 17</i>	<i>103</i>	<i>– 81</i>	<i>10</i>	<i>15</i>	<i>– 4</i>
Acquisition value on 31.12.	63	1 893	7 834	141	9 930	9 439
<i>Accumulated depreciation on 1.1.</i>	<i>– 7</i>	<i>– 694</i>	<i>– 1 807</i>	<i>– 53</i>	<i>– 2 561</i>	<i>– 2 359</i>
<i>Changes to the scope of consolidation</i>		<i>0</i>	<i>– 82</i>		<i>– 82</i>	<i>– 35</i>
<i>Depreciation</i>		<i>– 108</i>	<i>– 163</i>	<i>– 2</i>	<i>– 273</i>	<i>– 243</i>
<i>Extraordinary depreciation</i>		<i>– 3</i>	<i>– 21</i>		<i>– 24</i>	<i>– 16</i>
<i>Accumulated depreciation on disposals</i>	<i>3</i>	<i>37</i>	<i>89</i>	<i>11</i>	<i>140</i>	<i>92</i>
<i>Impact of changes on foreign exchange rates</i>		<i>– 0</i>	<i>– 1</i>	<i>– 0</i>	<i>– 1</i>	<i>0</i>
<i>Reclassifications</i>		<i>– 0</i>	<i>5</i>	<i>– 1</i>	<i>4</i>	<i>– 0</i>
Accumulated depreciation on 31.12.	– 4	– 768	– 1 979	– 45	– 2 796	– 2 561
18 Immovable property on 31.12.	58	1 124	5 855	96	7 134	6 878
"Reclassifications" refers to transfers of down payments to another investment group.						
Buildings under construction (in "Buildings")						
Net book value on 1.1.					275	148
<i>Acquisition value on 1.1.</i>					<i>279</i>	<i>152</i>
<i>Changes to scope of consolidation</i>					<i>2</i>	<i>0</i>
<i>Investments</i>					<i>131</i>	<i>282</i>
<i>Disposals</i>					<i>– 62</i>	<i>– 2</i>
<i>Reclassifications</i>					<i>– 183</i>	<i>– 153</i>
Acquisition value on 31.12.					169	279
<i>Accumulated depreciation on 1.1.</i>					<i>– 4</i>	<i>– 4</i>
<i>Changes to the scope of consolidation</i>						
<i>Depreciation</i>						<i>– 0</i>
<i>Extraordinary depreciation</i>					<i>– 2</i>	
<i>Accumulated depreciation on disposals</i>					<i>2</i>	
<i>Reclassifications</i>					<i>0</i>	
Accumulated depreciation on 31.12.					– 4	– 4
Buildings under construction at 31.12.					164	275
Book value of assets pledged to secure own commitments					3 027	3 452
Secured liabilities					1 356	1 944

	CHF m.	CHF m.
	2003	2002
Trade creditors	1 087	1 086
Sums owed to partly consolidated companies	1	0
19 Trade creditors	1 088	1 086

Other short-term liabilities, non-interest-bearing	382	230
Other short-term liabilities, interest-bearing	227	195
Deferred income	510	512
20 Other liabilities	1 119	937

In view of the application of all the "Swiss Accounting and Reporting Recommendations", current taxes, previously classified as provisions, were reclassified as "Other short-term liabilities, non-interest-bearing" or "Deferred income".

Deposit and investment accounts					813	752
Medium-term notes					169	191
Bonds	Bell AG	1998–2005	4%	70		
	Coop	1998–2005	3½%	250		
	Coop	1996–2006	4½%	100		
	Coop	1997–2007	3¾%	200		
	Coop	1999–2009	4%	250		
	Coop	2003–2008	2¾%	325	1 195	970
Bank loans					538	267
Other loans					134	126
Commitments towards pension funds					1	3
21 Long-term liabilities					2 850	2 310

Mortgages					1 356	1 944
Building loans					14	15
22 Liabilities secured by liens					1 371	1 959

	Current taxes	Deferred taxes	Other provisions		
Provisions on 1.1.	77	430	670	1 178	1 065
Changes to scope of consolidation	– 0	30	7	37	19
Changes	– 77	24	– 134	– 187	94
23 Provisions on 31.12.	0	485	543	1 027	1 178

Deferred taxes were calculated on the basis of an average tax rate of 20%.

In view of the application of all the "Swiss Accounting and Reporting Recommendations", current taxes, previously classified as provisions, were reclassified as "Other short-term liabilities, non-interest-bearing" or "Deferred income".

	CHF m.	CHF m.
	2003	2002
<i>Personnel welfare</i>	26	44
<i>Restructuring</i>	66	59
<i>CoopForte</i>	134	200
<i>Bank Coop</i>	50	120
<i>Supercard</i>	206	174
<i>Sundry items</i>	61	73
Other provisions	543	670
<i>Short-term interest-bearing liabilities</i>	227	195
<i>Long-term interest-bearing liabilities</i>	4 221	4 269
Interest-bearing liabilities	4 448	4 464
Non-interest-bearing liabilities	3 007	3 006
24 Liabilities	7 455	7 470
Interest-bearing liabilities	4 448	4 464
Liquidity	– 332	– 445
Net financial debt	4 115	4 019

	Published reserves	Revenue reserves	Profit for the finan- cial year	<i>Equity excl. minority interests</i>	Minorities	Equity incl. minority interests
Equity on 1.1.	875	2 175	331	3 381	243	3 625
Appropriation of profit/dividend	287	44	– 331		– 13	– 13
Changes to scope of consolidation					– 35	– 35
Profit for the financial year			341	341	12	353
25 Equity on 31.12.	1 162	2 219	341	3 722	208	3 930

Notes to the consolidated cash flow statement

	CHF m. 2003	CHF m. 2002
<i>Investment in intangible assets</i>	– 26	– 15
<i>Investment in furniture, vehicles, machinery</i>	– 336	– 393
<i>Investment in immovable property</i>	– 572	– 715
<i>Reclassifications</i>		– 100
<i>Own work</i>	– 4	– 13
Investments	– 938	– 1 236
<i>Disposal of intangible assets</i>		
<i>Disposal of furniture, vehicles, machinery</i>	12	23
<i>Disposal of immovable property</i>	315	337
Disposals	327	360
Net investment in fixed assets	– 611	– 876
<i>Investment in participating interests</i>	– 343	63
<i>Financial investments</i>	– 24	
Investment in participating interests/financial investments	– 367	63
<i>Disposal of participating interests</i>		
<i>Disposal of financial investments</i>	120	44
Disposal of participating interests/financial investments	120	44
<i>Reclassifications</i>		100
26 Cash flow from investment activities	– 858	– 669
<i>Investment in intangible assets</i>	– 26	– 15
<i>Investment in furniture, vehicles, machinery</i>	– 336	– 393
<i>Investment in immovable property</i>	– 572	– 715
<i>Investment in participating interests</i>	– 343	63
<i>Financial investments</i>	– 24	
<i>Own work</i>	– 4	– 13
Investments	– 1 305	– 1 073
<i>Disposal of intangible assets</i>		
<i>Disposal of furniture, vehicles, machinery</i>	12	23
<i>Disposal of immovable property</i>	315	337
<i>Disposal of participating interests</i>		
<i>Disposal of financial investments</i>	120	44
Disposals	447	404
26 Cash flow from investment activities	– 858	– 669

Additional notes to the consolidated annual accounts

	CHF m.	CHF m.
	2003	2002
Guarantees in favour of third parties	173	244
Commitments towards pension funds	476	580
<i>of which secured by lien</i>	475	570
The Coop Group assumes the costs of the occupational pension provision for all employees and their survivors as stipulated under law.		
All pension schemes of the Coop Group companies are defined-contribution plans.		
<i>Statutory employee contributions</i>	66	64
<i>Statutory employer contributions</i>	153	133
<i>Employer contribution reserve</i>	71	116
Insured value of movable property ¹⁾	13 769	12 766
Commitments from long-term rental agreements broken down by term:		
2003		279
2004	272	261
2005	255	241
2006	202	220
2007–2010	712	498
Currency conversion:		
For the purpose of translating annual accounts in foreign currencies the following exchange rates were used:		
Year-end rates for the balance sheet		
EUR	1	1.558
HKD	1	0.160
USD	1	1.240
GBP	1	2.206
JPY	100	1.160
Average rates for the year for the profit and loss account		
EUR	1	1.521
HKD	1	0.173
USD	1	1.345
GBP	1	2.197
JPY	100	1.161

¹⁾ Year-back figure adjusted

Off-balance-sheet business	Contract value		Replacement value			
			positive		negative	
	2003	2002	2003	2002	2003	2002
Interest	70	87			2	3
Currencies	117	136	1		3	2
Other derivative financial instruments (commodities, equity securities)	282	379	1	4		

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

Betty Bossi Verlag AG

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

Consolidated Coop companies

Situation on 31.12.2003

Coop	Basel	Percentage	Nominal Capital	Basis ¹⁾
		held by Group	31.12.2003 CHF m.	
Alcoba Distribution SA	F-Strasbourg	50.00	4.4	F
Andréfleurs Assens SA	Assens	100.00	2.0	F
Argo AG	Möhlin	100.00	1.3	F
Bell Holding AG	Basel	60.54	2.0	F
Bell AG	Basel	100.00		F
Bell Finance Limited	GB-Jersey	100.00		F
Frigo St. Johann AG	Basel	100.00		F
GZM Extraktionswerk	Lyss	19.90		–
GWI Geflügel- und Wildimport AG	Basel	100.00		F
Maurer Frères SA	F-Kingersheim	50.00		F
SBA Schlachtbetrieb Basel AG	Basel	48.00		E
Betty Bossi Verlag AG	Zürich	50.00		E
BG Buchiacker, Bützberg	Thunstetten	100.00	1.5	F
BG Rosengarten Solothurn AG	Solothurn	61.00	0.1	F
BGM Immobilien AG	Worb	100.00	0.5	F
Centre de formation «du Léman»	Jongny	100.00	0.0	F
Chocolats Halba AG	Wallisellen	100.00	6.0	F
Coop Bildungszentrum	MuttENZ	100.00	0.4	F
Coop Einzelhandels AG	Jegenstorf	100.00	5.0	F
Coop Immobilien AG	Bern	100.00	855.4	F
Brand Immobilien AG	Unterentfelden	100.00		F
Complexe de Chêne-Bourg-A SA	Chêne-Bourg	100.00		F
Complexe de Chêne-Bourg-C SA	Chêne-Bourg	100.00		F
Complexe de Chêne-Bourg-D SA	Chêne-Bourg	100.00		F
Coop Mineraloel AG	Allschwil	51.00	10.0	F
Coop Switzerland Far East Ltd.	HK-Hongkong	100.00	0.0	F
Coop Vitality AG	Bern	51.00	5.0	F
CWK AG	Winterthur	100.00	2.0	F
EPA AG	Zürich	100.00	40.0	F
Eurogroup SA	B-Bruxelles	50.00		E
Eurogroup Far East Ltd.	HK-Hongkong	33.30		E
Fehr & Engeli AG	Ueken	88.00	0.1	F
HiCoPain AG	Schlieren	40.00		E
Konsumverein Zürich AG	Zürich	100.00	35.0	F
Könizer Siedlungs-AG	Liebefeld	100.00	1.0	F
Nutrex AG	Buswil	100.00	1.5	F
Panflor AG	Zürich	100.00	0.5	F
Pasta Gala SA	Morges	100.00	2.5	F
Reismühle Brunnen AG	Brunnen	100.00	1.0	F
Steinfels Cleaning Systems AG	Winterthur	100.00	0.5	F
Toomax-x Handelsgesellschaft m.b.H.	A-Klosterneuburg	25.00		E
TopTip AG	Oberentfelden	100.00	10.0	F
Waro AG	Basel	100.00	0.1	F
Wehrli & Co. AG	Münsingen	99.70	1.5	F

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

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

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, statement of cash flows and notes) of the Coop Group reproduced on pages 88-104 for the year ended 31 december 2003.

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

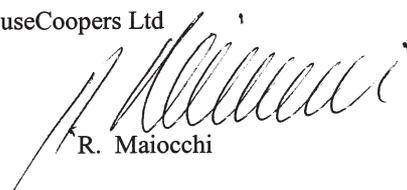
Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis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

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

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

PricewaterhouseCoopers Ltd


D. Suter


R. Maiocchi

Basel, March 31, 2004

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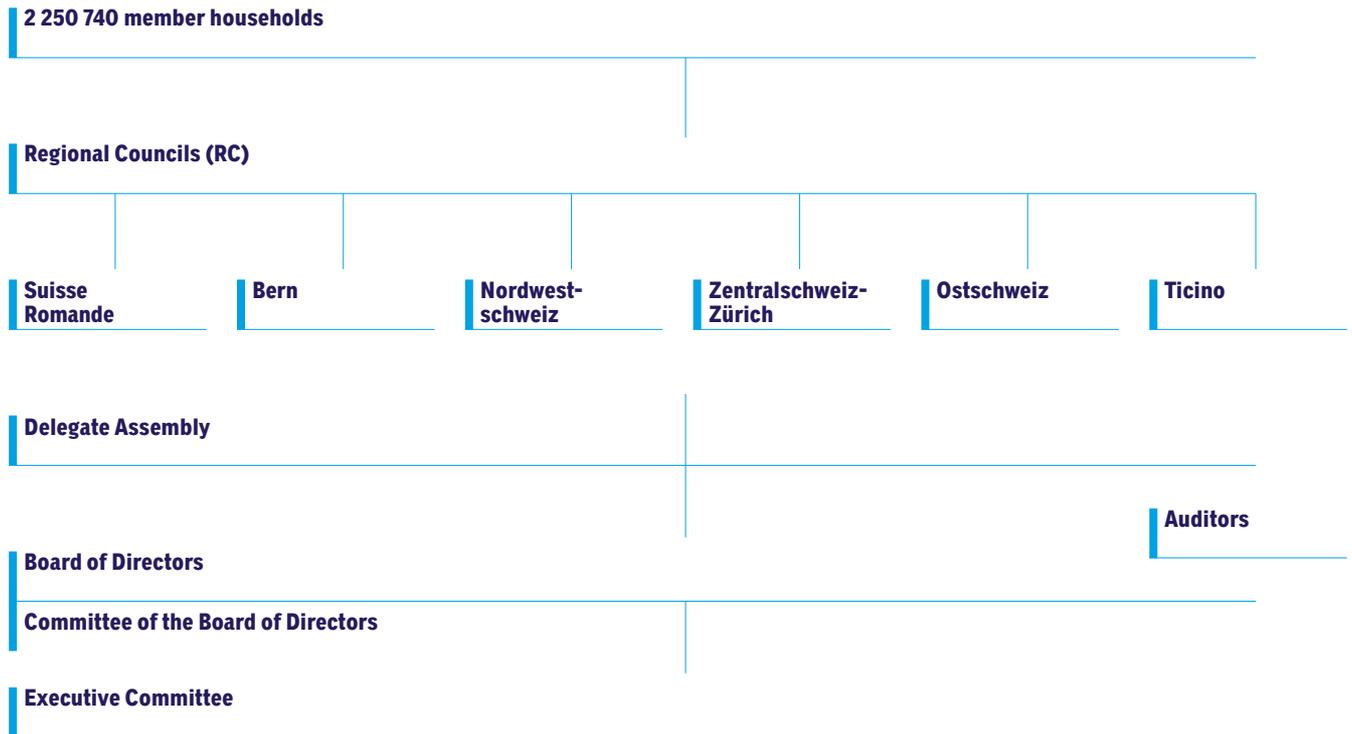
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Coop Organs

Status on 1 January 2004



Coop Delegate Assembly

The following members of the Regional Committees constitute the Coop Delegate Assembly. Status on 1 January 2004

Suisse Romande region

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

Bern region

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

Nordwestschweiz region

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

Zentralschweiz-Zürich region

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

Ostschweiz region

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

Ticino region

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

Coop Board of Directors

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

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

Coop Management

Status on 1 January 2004

Executive Committee (EC)

Hansueli Loosli, Chief Executive Officer
Jörg Ackermann, Head of IT/Production*
Rudolf Burger, Head of Retail Companies
Jean-Marc Chapuis, Head of Property
Christoph Clavadetscher, Head of Trading

Jürg Peritz, Head of CCM/Purchasing
Hans Peter Schwarz, Head of Finance and Services
Hans Winiger, Head of Logistics, VC of Executive Committee
(until 30 June 2004)*

Presidium of the Executive Committee Business Unit

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

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

Retail Business Unit

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

Samuel Meyer, Head of Total Store
Heino Peier, Head of Marketing
Staff
Robert Joss, Head of Marketing Services
Benedikt Pachlatko, Head of Marketing Concepts/Supercard

Suisse Romande (SR) sales region

Raymond Léchaire, Head of Sales Region SR
Jean-Luc Ecuyer, Head of Personnel/Training
Rudolf Hägler, Head of Business Mgt/Controlling

André Mislin, Head of Sales 1
Michel Produit, Head of Sales 2

Bern (BE) sales region

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

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

Nordwestschweiz (NW) sales region

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

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

Zentralschweiz-Zürich (ZZ) sales region

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

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

Ostschweiz-Ticino (OT) sales region

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

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

Trading Business Unit

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

Department Stores

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

Jürg Birkenmeier, Head of Region East
Kaspar Niklaus, Head of Sales
Daniel Zimmermann, Head of Region Central
Jean-Francois Zimmermann, Head of Region West
Coop Category Management (CCM) B+H
Bruno Haberthür, Head of CCM B+H
Dieter Strub, CCM Sport/Camping
Walter Studer, CCM Home/Hobby/Garden
Roland Todt, CCM Building Supplies
Matthias Wermuth, CCM DIY/Electrical

* See note on p. 110

Management CCM/Purchasing

Jürg Peritz, Head of CCM/Purchasing
Jörg Ledermann, Controlling/Systems/Processes/Projects
CCM Fresh Products (FP)
Philipp Wyss, Head of CCM FP
Marie-Claire Chepca Cordier, CCM Frozen Food
Marlies Hartmann Käfer, CCM Bread/Baked Goods
Renato Isella, CCM Dairy Produce/Eggs
Alfred Leder, CCM Fruit and Vegetables
Roland Lienhard, CCM Meat
Roberto Mentil, CCM Flowers and Plants
Hans Thurnheer, CCM Restaurants
CCM Basic Foods + Beverages (BF + B)
Roland Frefel, Head of CCM BF + B
Pius Buchmann, CCM Wines/Sparkling Wines
Christoph Hollenweger, CCM Confectionery
Daniel Noirjean, CCM Savoury Snacks/Tobacco Goods/Pet Supplies
Markus Schmid, CCM Breakfast/Garnishes/Baking Ingredients
Beat Seeger, CCM Soft Drinks/Spirits
CCM Nonfood 1
Rolf Kuster, Head of CCM Nonfood 1
Sandro Corpina, CCM Textiles Department Stores

Daniel Gerber, CCM Textiles/Baby Products/Toys
Daniel Walker, CCM Kitchen/Tableware Retail
Karin Sonderegger, CCM Hard Goods Department Stores
CCM Nonfood 2
Helmut Träris, Head of CCM Nonfood 2
Bruno Cabernard, CCM Festive/Electro/Stationery/Media
Helene Loeb, CCM Detergents and Cleaning Agents/Hygiene
Peter Willimann, CCM Perfumery/Cosmetics/Vita Shop
Procurement + Stock Mgt Food
Lorenz Wyss, Head of Procurement + Stock Mgt Food
Christoph Bürki, BP Soft Drinks/Spirits
Christian Guggisberg, BP Fruits/Vegetables/Flowers/Plants
Ulrich Lochmann, BP Meat/Fish/Convenience
Michael Sieber, BP Basic Foods
Robert Trachsler, Stock Mgt Pool Food
Purchasing + Stock Mgt Nonfood
Philipp Schenker, Head of Purchasing + Stock Mgt Nonfood
Emanuel Büchlin, BP Nonfood Retail
Jeanine Hafner, BP Textiles Department Stores
Christian Kaufmann, Stock Mgt Pool Nonfood Retail
Olivier Schwegler, BP Near Food Retail

Logistics Business Unit*

Hans Winiger, Head of Logistics Business Unit
Leo Ebnetter, Head of OT Logistics Region (LRE)
Marc Haubensak, Head of Bâlehotels
Hans Ludwig, Head of BE LRE
Rolf Müller, Head of ZZ LRE
Felix Ruckstuhl, Head of Panofina

Peter Schär, Head of Central Functions for Logistics
Andreas Schwab, Head of Central Functions for Bakeries
Niklaus Stehli, Head of NW LRE
Guy Théoduloz, Head of SR LRE
Daniel Woodtli, Head of National Logistics Pratteln
Beat Zaugg, Head of National Logistics Wangen

IT/Production Business Unit*

Jörg Ackermann, Head of IT/Production Business Unit
Josef Achermann, Head of Production
August Harder, Head of IT
Walter Käser, Head of Division CWK

Lorenzo Pelucchi, Head of Primary Products Purchasing
Felix Ruckstuhl, Head of Division Halba
Ernst Seiler, Managing Director Eurogroup SA

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

Michael Dober, Head of Management Services
Beat Leuthardt, Head of Finance
Rudolf Zurflüh, Head of Controlling

Property Business Unit

Jean-Marc Chapuis, Head of Property Business Unit
Armin Beutler, Head of NW Property Region (PRE)
Theo Frei, Head of ZZ PRE
Arthur Hauri, Head of Business Mgt/Controlling

Josef Hugentobler, Head of OT PRE
Bruno Riedo, Head of BE PRE
Etienne Rigolet, Head of SR PRE

Retail Companies Business Unit

Rudolf Burger, Head of Retail Companies Business Unit
Andreas Frischknecht, Head of Marketing/Purchasing
Division Interdiscount

Pierre Pfaffhauser, Head of Personnel/Training Div. Interdiscount
Daniel Stucker, Head of Business Mgt/Controlling Div. Interdiscount
Joos-Rudolf Sutter, Head of Sales Division Interdiscount

* See note on p. 110

Addresses of the Coop Group

Status on 1 January 2004

Coop headquarters

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

Logistics Business Unit*
Hans Winiger

CCM/Purchasing Business Unit
Jürg Peritz

IT/Production Business Unit*
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Nordwestschweiz

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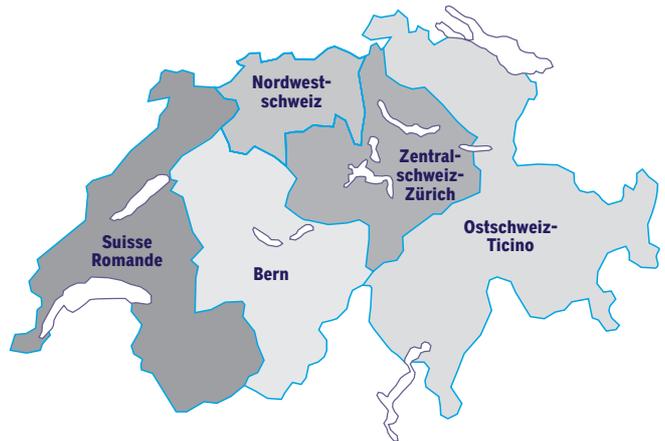
Zentralschweiz-Zürich

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* See note on p. 110

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