



**For  
Sebastian.**

**For  
Sharon.**

**For  
Oberdan.**

**For  
Claudia.**

**For  
Alessandra.**

**For 41,285 square kilometres.** For 20 full and 6 half-cantons. For 3,786,000 women and 3,629,000 men. For 0.5% Romansch and 6.5% Italian speakers. For 20.4% French and 63.7% German Swiss. For 73.2% urban and 26.8% rural dwellers. For mountain and valley. For large and small. For young and old. For today and tomorrow. For me and you: Coop – For all of Switzerland.

## Sales outlets

	Sales outlets		Sales area		Cash turnover of sales outlets			
	Number as at 31.12		m <sup>2</sup> as at 31.12		CHF m.	CHF m.	%	Share %
	2005	2004	2005	2004	2005	2004		
Supermarkets A 250–600 m <sup>2</sup>	541	555	285 954	294 274	3 497	3 516	– 0.5	25.5
Supermarkets B 800–1400 m <sup>2</sup>	166	156	243 010	233 728	2 787	2 781	+ 0.2	20.4
Supermarkets C 1800–3000 m <sup>2</sup>	84	81	242 092	233 308	2 535	2 711	– 6.5	18.5
Supermarkets	791	792	771 056	761 310	8 818	9 008	– 2.1	64.4
Megastores 4500–8000 m <sup>2</sup>	13	12	71 058	65 140	678	570	+ 18.9	5.0
Supermarkets/Megastores	804	804	842 114	826 450	9 497	9 578	– 0.8	69.4
Other	1	5	290	1 665	2	25	– 93.2	0.0
<b>Coop Retail</b>	<b>805</b>	<b>809</b>	<b>842 404</b>	<b>828 115</b>	<b>9 498</b>	<b>9 602</b>	<b>– 1.1</b>	<b>69.4</b>
Department Stores <sup>1</sup>	33	44	137 877	164 639	938	1 089	– 13.9	6.9
Building & Hobby	67	63	260 795	239 534	633	619	+ 2.3	4.6
Interdiscount	174	174	57 715	48 271	886	829	+ 6.9	6.5
Toptip and Lumimart	58	61	143 587	149 111	245	250	– 1.8	1.8
Import Parfumerie	86	87	8 722	8 809	142	141	+ 0.8	1.0
Other	1	1	292	292	3	5	– 34.0	0.0
<b>Coop Trading<sup>1</sup></b>	<b>419</b>	<b>430</b>	<b>608 988</b>	<b>610 656</b>	<b>2 848</b>	<b>2 933</b>	<b>– 2.9</b>	<b>20.8</b>
Hotels	3	3			30	30	+ 2.5	0.2
<b>Coop<sup>1</sup></b>	<b>1 227</b>	<b>1 242</b>	<b>1 451 392</b>	<b>1 438 771</b>	<b>12 377</b>	<b>12 565</b>	<b>– 1.5</b>	<b>90.4</b>
Alcoba Distribution SA	2	2	9 002	9 002	78	79	– 0.8	0.6
Andréfleurs Assens SA						7	–100.0	0.0
Bell Group (sales outlets)	22	23	751	801	15	17	– 10.2	0.1
Petrol stations	136	131			873	712	+ 22.6	6.4
Coop Pronto at petrol stations	(122)	(112)	10 326	9 246	231	195	+ 18.1	1.7
Coop Pronto stand-alone	31	24	4 646	3 383	86	55	+ 56.3	0.6
Coop Mineraloel AG	167	155	14 972	12 629	1 190	962	+ 23.6	8.7
Coop Vitality AG	19	11	4 790	2 867	31	20	+ 56.1	0.2
<b>Subsidiaries</b>	<b>210</b>	<b>191</b>	<b>29 515</b>	<b>25 299</b>	<b>1 313</b>	<b>1 084</b>	<b>+ 21.1</b>	<b>9.6</b>
<b>Sales outlets<sup>1</sup></b>	<b>1 437</b>	<b>1 433</b>	<b>1 480 907</b>	<b>1 464 070</b>	<b>13 690</b>	<b>13 649</b>	<b>+ 0.3</b>	<b>100.0</b>

<sup>1</sup> Sales area year-back figure adjusted

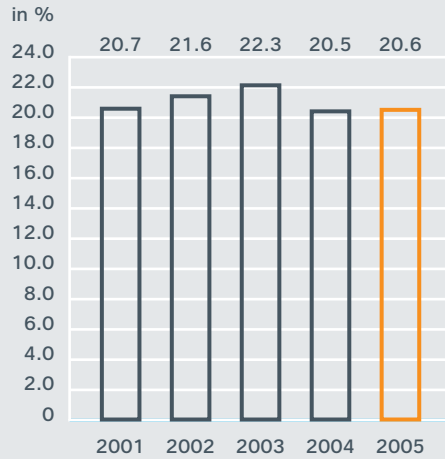
## Key figures

	2005	2004	Change		%
<b>Key financial data consolidated in CHF m.</b>					
Retail trade turnover	14 065	13 983	+ 82	+	0.6
Cash turnover/Direct sales	14 901	14 866	+ 35	+	0.2
Net sales	14 133	14 127	+ 6	+	0.0
Operating cash flow (EBITDA)	1 066	1 171	- 105	-	9.0
Operating profit (EBIT)	385	491	- 106	-	21.7
Financial results	- 91	- 103	+ 12	-	12.0
Profit/Loss for the financial year	270	320	- 50	-	15.6
Interest-bearing liabilities	3 980	4 360	- 380	-	8.7
Net financial debt	3 606	4 049	- 444	-	11.0
Equity incl. minority interests	4 602	4 264	+ 338	+	7.9
Equity ratio in %	40.9	37.8	+ 3.1	+	8.3
Total assets	11 249	11 290	- 41	-	0.4
Cash flow before changes in net current assets <sup>1</sup>	818	936	- 118	-	12.6
Cash flow from operating activities <sup>1</sup>	957	512	+ 444	+	86.8
Cash flow from investment activities	- 497	- 431	- 65	+	15.1
Cash flow from financial transactions <sup>1</sup>	- 397	- 102	- 295	+	290.1
<b>Personnel</b>					
Employees as at 31.12	44 916	47 158	- 2 242	-	4.8
Full-time employees	37 370	39 292	- 1 922	-	4.9
<b>Market shares in % (basis: market volume acc. to BAK)<sup>1</sup></b>					
Food	20.6	20.5	+ 0.1		
Non-food	9.9	10.4	- 0.5		
Coop Group	15.0	15.3	- 0.3		
<b>Sales outlets</b>					
Number of sales outlets as at 31.12	1 437	1 433	+ 4	+	0.3
Sales area in m <sup>2</sup> as at 31.12 <sup>1</sup>	1 480 907	1 464 070	+ 16 837	+	1.2
Cash turnover in CHF m.	13 690	13 649	+ 41	+	0.3
<b>Member households</b>					
Number of households as at 31.12	2 316 223	2 323 602	- 7 379	-	0.3

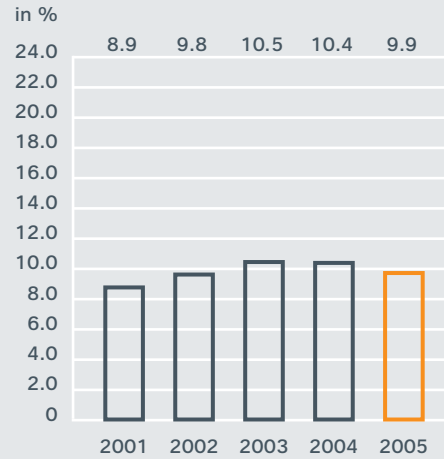
<sup>1</sup> Year-back figure adjusted

## Coop Group market shares

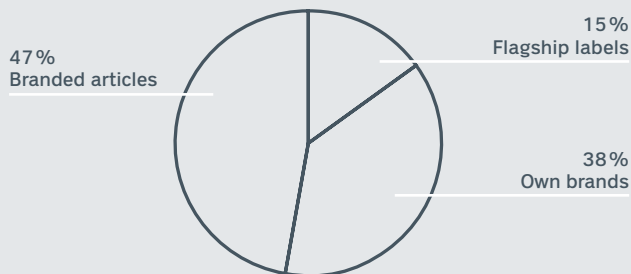
### Food



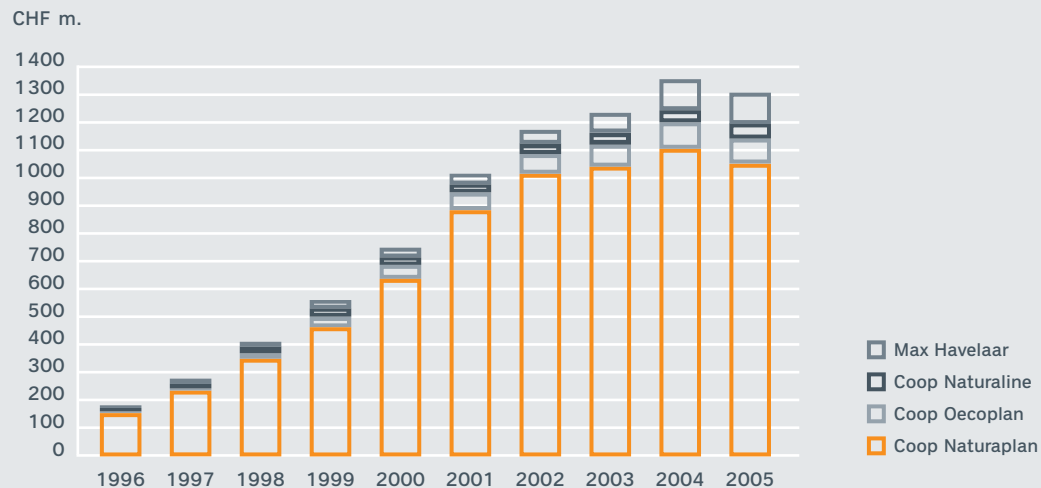
### Non-food






## Shares of sales for branded articles / Flagship labels / Own brands



## Development of environmentally and socially responsible flagship labels




## Sales formats


























## Manufacturing companies

	
	
Chocolats Halba 	
	
	
	
	
	
	
<b>Cash&amp;carry / Food service</b>	
	
 	
  Gastro Service	
 	

## Coop brands

### Flagship labels



Coop Naturaplan  
Food sourced from organic farms and humane animal husbandry.



Coop Naturaline  
Textiles sourced from organic cultivation and fair trade, cosmetic products made from natural raw materials.



Coop Oecoplan  
Non-food products and services with ecological added value.



Max Havelaar  
Products sourced through fair trade with developing countries.

### Betty Bossi

Betty Bossi  
High-quality convenience products – ready to eat and ready to cook.

### WeightWatchers

Weight Watchers  
Low-fat, low-sugar and low-calorie products for a health-conscious diet.

### Own brands



Coop own brand  
High-quality products offering good value for money.



Prix Garantie  
Good quality at guaranteed bargain prices.



Fine Food  
Premium-grade specialities affording maximum enjoyment.

### Délicorn

Délicorn  
Natural, healthy alternatives to meat.

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## Coop is active, innovative and successful.

Coop greatly expanded its offering in 2005. It also markedly improved its value for money and – despite a substantial fall in Coop prices overall – raised its retail trade turnover.

We can look back on an eventful but ultimately successful year – one in which far-reaching restructurings and new developments in the market energized the entire Swiss retail sector.

The greatest challenge facing us in 2005 was the fast rise in consumers' price awareness. But Coop responded rapidly and resolutely: In January we launched the guaranteed bargain-price label Prix Garantie, and in the course of the year we stepped up the strategy of reducing the prices of selected branded items and Coop own brands that we had initiated in 2004. These reductions are possible because Coop is voluntarily giving up part of its margins. Another reason is that the improvements in efficiency and the savings anticipated as a result of the CoopForte merger of all regional cooperative societies and Coop Switzerland in 2001 are now being realized. We are in a position to pass these on to our customers. In the year under review, there was a drop in prices of 2.0% for the Coop range as a whole. Despite the dominant debate about prices, we have not been neglecting our commitment to quality, our innovative strength and our responsibility towards the environment. This approach can be seen in, for instance, the launch of the Coop Weight Watchers line and the Coop Naturaplan Veal label, in the impressive expansion of the Fine Food line, the many new regional organic specialities, and in our activities to mark the anniversary year "10 years of Coop Naturaline", with Coop offering customers a unique variety of products in all price segments.

Given the challenging situation in the marketplace and the persistently low consumer sentiment throughout the year, Coop's 2005 result was gratifying. The Coop Group's consolidated turnover increased slightly by 0.2% to 14.90 billion francs. Coop's retail trade turnover grew to 14.07 billion francs, up 0.6% on the year-back figure. This result is all the more remarkable in view of the marked price reduction of the Coop offering as a whole.

After taking this reduction into account, growth in real terms was 2.6%. The number of sales outlets increased by four to 1,437, and the sales area grew by 1.2% to 1,480,907 m<sup>2</sup>.

The different price-cutting measures in the year under review had an impact on margins and therefore on the result as well. Operating cash flow (EBITDA) decreased to 1.07 billion francs, 105 million francs below the previous year's figure. The Coop Group's result for the year fell by 15.6% to 270 million francs.

As in the previous years, there was a further improvement in the balance sheet in 2005. Net financial debt declined to 3.61 billion francs, 11.0% below the year-back figure. Liabilities fell by 380 million to 6.65 billion francs, or 59.1% of total assets. Equity now represents 40.9% of total assets, 3.1 percentage points more than in the previous year, having grown by 338 million to 4.60 billion francs.

The final step towards implementing CoopForte was taken by the Delegate Assembly in April 2005 when it elected the entire Board of Directors for the 2005–2009 period of office and reduced the number of seats on the Board. The reduction from latterly 17 members to 9 is due to the expiry of the transitional provisions in Coop's Articles of Association which were valid until 2005. Now the number of seats on the Board of Directors is limited to 11. The Assembly appointed Ms Beth Krasna, Chêne-Bougeries, as a new member of the Board.

The operational management structure was also reduced in size. After twelve years of dedicated and successful activity on behalf of Coop, Christoph Clavadetscher, member of the Executive Committee and Head of the Trading Business Unit, left the Group to take up a new professional challenge abroad. As a consequence, the Trading and Retail Business Units were merged. The new, expanded Trading Business Unit comprises the sales formats Coop City and Building & Hobby, plus the Toptip,

## 6 Foreword

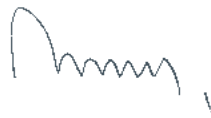
Import Parfumerie and Interdiscount divisions, and is headed by Rudolf Burger, previously Head of the Retail Business Unit.

In the year under review, we undertook our first commercially significant engagement in an important international market with substantial growth opportunities: At the beginning of 2005, Coop and the German retailer REWE merged their activities in the catering supplies sector to form the joint venture transGourmet, thereby sealing the traditionally good relations between the two companies.

This year, Coop will be making further price reductions and surprising customers with attractive campaigns. The establishment of the Coopernic purchasing alliance with European partners is very much a step in this direction. We are, and will continue to be, the Swiss retailer with the greatest diversity of products and price segments under one roof. At Coop, customers can choose between entry-level prices, inexpensive own-brand products, traditional branded articles, flagship labels or premium products. Whatever the price segment, Coop offers the best value for money.

We shall be broadening our range of articles with innovative new items, but we shall also be deploying our traditional strengths in the field of environmentally and socially responsible products to expand our market leadership. In addition, Coop will continue to be the retailer with genuine closeness to its customers and the largest number of sales outlets in Switzerland.

We should like to take this opportunity of expressing our appreciation to all staff for their dedication and to our customers and business partners for the confidence they have shown in us in the year under review. We look forward to further cooperation with all of you in rising to the new challenges facing us in 2006.



**Anton Felder**  
Chairman of the Board of Directors



**Hansueli Loosli**  
Chief Executive Officer



Hansueli Loosli and Anton Felder



## In 2005, Coop initiated and implemented ground-breaking strategic projects.

Coop launched its new guaranteed bargain-price label Prix Garantie, gained a first foothold in the catering supplies sector in Switzerland and France, initiated pilot testing of a forward-looking selfscanning option and began a fresh, new advertising campaign: for me and you.

### Price cuts and Prix Garantie

CoopForte – the merger of 14 regional cooperative societies and Coop Switzerland – enabled Coop to improve efficiency and its position in the market. Coop is now passing on the savings to its customers by lowering prices. This is being achieved by making selective price cuts on branded articles and own-brand products, and by launching the Prix Garantie label, which offers a basic range of products at fixed bargain prices. All in all, Coop invested over 280 million francs in improving its pricing performance. It will continue to cut prices, improve its value for money and repeatedly surprise customers with attractive campaigns.

### Diversity in four price segments

While focusing on the growing price awareness of consumers, Coop is not putting its commitment to quality, diversity or environmental and social responsibility on the back burner. After all, it is not only price awareness that is growing. Aspirations and values tailored to the individual will also take on more importance. Against this backdrop, Coop will systematically extend its range of products and services while also building on its traditional strengths to expand the leading position it has gained with its tried-and-tested flagship labels. Coop offers the greatest diversity of labels. But this diversity must not degenerate into an unfocused something-for-everybody approach: Each label meets a specific need and is clearly positioned in one of the four price segments that make up the Coop offering as whole: the bargain-price segment with Prix Garantie, the low-end segment with Coop own brands, the mainstream segment with the traditional branded articles and most of the flagship labels, and the high-end segment with the premium products. This system affords customers maximum transparency and choice – and the best value for money regardless of the segment.

### Three new labels

Coop substantially expanded its offering in the year under review with the launch of three new labels. Prix Garantie began the year with some 200 articles, and then grew in the course of 2005 to over 350, which were sold in Coop Supermarkets, Coop City Department Stores and Building & Hobby centres. Coop also expanded the Fine Food label, which had been launched in December 2004 as the first Swiss gourmet line, to over 100 items. Fine Food comprises specialities that not only satisfy the highest quality and culinary expectations but also have a particular history. In the summer, Coop became the first retailer to enter into a direct cooperative venture with the globally active dietary organization “Weight Watchers”. Using the Weight Watchers points system, Coop provides added value for all customers who want to lose weight or maintain their weight in the long term. Coop’s Weight Watchers line is a reaction to rapidly growing demand for low-calorie products with reduced fat and sugar contents. The new flagship label was launched with some 50 products; by the end of the year it had already grown to over 150.

### New advertising campaign: Coop for me and you

Coop’s new communication campaign focuses on the key topics of the current marketing strategy. In an attractive style that the public can identify with, it communicates Coop’s diversity of range and brands, the value for money it offers, its promotions, closeness to customers, customer services and sales formats. Coop has been implementing the new campaign “For me and you” since the beginning of 2006. Its key message is diversity. This is conveyed to customers with a generous portion of charm, emotion and honesty: Coop offers diversity and choice in its ranges, prices and services. This central message will be put across in future in all communication media in a way that catches the eye and sets the tone: TV commercials, adverts, posters, carrier bags

## 10 Strategic projects

or cash receipts will feature touching, stirring, modern and humorous stories that show Coop's performance and diversity in the best light.

The new communication campaign is focused particularly on Coop's three large sales formats: Coop Supermarkets, Coop Building & Hobby and Coop City Department Stores. But it will also be used in Coop's other sales formats such as Coop Pronto Shops and Coop Restaurants.

### **transGourmet: a commitment with high growth potential**

At the beginning of 2005, Coop and the German retailer REWE merged their activities in the wholesale supplies and cash&carry business for the catering sector to form the joint venture transGourmet. The new holding company comprises the Prodega, Howeg and Bell Gastro companies in Switzerland and Aldis Service Plus in France. This merger of two strong partners has created an international gastronomy group that can offer small, major and system clients in France and Switzerland attractive and innovative tailor-made solutions.

For Coop this step is its first commercially significant engagement outside Switzerland in an important market with substantial growth opportunities. In October 2005, transGourmet took over the food service operations of Prodirest France, substantially strengthening its position in the French wholesale supplies sector. Additional internal and external growth of the transGourmet Group is the declared goal of both partners. The joint venture is sealing the traditionally good relations between REWE and Coop – to the advantage of both parties.

### **10 years of organic, fair-trade cotton**

In 1995, Coop launched the sale of organically produced cotton from fair trade under the Naturaline label. Today, Coop is the world's largest retailer of organic and fair-trade textiles. Much of the success has been due to the exceptional dedication of the large numbers of employees and partners who have always supported

the project. But what counts in the end is whether the products appeal to customers. In the last few years, both the range and the presentation – for instance, the shop-in-shop concept applied in the Coop City Department Stores – have become increasingly attractive. The aims of all activities in the label's anniversary year were to further enhance this appeal, make the Coop Naturaline label even more widely known and thus substantially increase sales. These aims were achieved, and the activities went down well among customers and POS staff alike. The highlight was the inauguration of the training centre in the cotton-growing area of Maikaal, India, which was financed by the Coop Naturaplan Fund. With Coop's top management in attendance, the event was a memorable occasion that brought home to many of those present both the emotional and the commercial relevance of Coop's commitment in this field.

### **Switzerland's first selfscanning experiment**

In October 2005, Coop started the Swiss retail sector's first-ever selfscanning pilot scheme in its supermarket in Frenkendorf. The system of selfscanning is intended to help virtually eliminate the check-out queues that customers always complain about in surveys: Customers scan in their purchases themselves using a hand-held device, and pay for them at the check-out desk without having to remove them from the shopping trolley. This does not rule out the contact with the cashier – the traditional check-out desk will continue as before. The pilot scheme will last until spring 2006. On the basis of the experience gained to date, particularly the favourable customer reactions, Coop has decided to extend it – to two new locations, to begin with.

### **European purchasing alliance for more affordable prices**

In February 2006, Coop and the retailers Colruyt (Belgium), Conad (Italy), E.LECLERC (France) and REWE Group (Germany) established a joint purchasing alliance.

The main goals of “Coopernic”, as the alliance is called, are to pool the sourcing of internationally tradable goods, eliminate sourcing intermediaries and lower logistics costs with a view to offering customers more affordable and more attractive products.

In order to further reduce prices for consumers in Switzerland and counter the growth of cross-border shopping, Coop is actively seeking better sourcing conditions, particularly for international consumer goods. The Swiss market’s purchasing volumes are often too small by international standards for economies of scale and efficiency gains to generate benefits for the customers. Thanks to the alliance-based exchange of information on products and trends, Coop hopes to further boost the attractiveness of its ranges. This Coop commitment also offers Swiss manufacturers new market opportunities within the alliance partners’ sales channels.

Coopernic is a not-for-profit cooperative domiciled in Brussels. It is headed by a ten-strong Board of Directors, on which Coop’s Executive Committee is represented by Hansueli Loosli and Jürg Peritz. The Eurogroup companies for sourcing food and non-food products in the Far East and fruit & vegetables in Italy and Spain will continue to operate, but within the framework of Coopernic activities.





**For the  
whole day.**



For 8 p.m.

For  
2 p.m.

For  
8 a.m.

For always.



For  
4 p.m.

For noon.

**Married couple Gaile and Alex Shubin from Zurich.**

“With one mouse click everything comes right to your door. Thanks to the easy ordering process in the online shop we simply have more time in our day.”



## Coop offers the greatest diversity and choice – in both quality and price.

With its new labels Prix Garantie, Weight Watchers and Fine Food, Coop expanded its products and services by targeting specific segments. It also focused on its traditional strengths and held on to the market leadership it had acquired with its flagship labels.

### Diversity

Coop offers the greatest diversity to be found under one roof in Switzerland: Prix Garantie products at guaranteed bargain prices, innovative and perpetually popular branded articles, own-label products of branded-article quality offering good value for money, flagship labels with added ecological and social value, Weight Watchers products for health-conscious customers, Betty Bossi for time-saving but delicious meals or Fine Food for gourmet tastes – customers have lots of choice at Coop. All in all, Coop offers the greatest diversity of labels in Swiss retailing. Each of these labels meets a specific need and is positioned in one of the four price segments. Because of the diversity and clear positioning of the labels, customers at Coop enjoy the greatest possible choice.

Its high level of product-range competence and the diversity of its ranges give Coop a highly distinctive profile in the competitive arena. Coop's unique brand mix demonstrates its total commitment to quality and the good value it offers for money. The brand mix comprises flagship labels, which account for 15% of sales, branded articles, which still account for the bulk of sales (47%) and own-brand products in all price segments (38% of sales). Prix Garantie items account for about 10% of sales of own-brand products.

### Market and prices

#### Major challenges in the market

Nominal retail trade turnover dropped slightly in 2005 and the consumer sentiment index persisted at a low level, despite recovery in the second half of the year. Crossborder shopping in neighbouring countries continues to be a challenge for Swiss retailers, having reached a volume (according to Coop surveys) of over 2.1 billion francs. Another very important factor is the emergence of foreign retailers in the Swiss market, which is aggravating price competition and pressure

on margins. A parallel development in the year under review was the further concentration and consolidation in the Swiss retail landscape.

An equally important factor is the general socio-cultural development: On the one hand, there will be a rapidly increasing focus on prices. On the other, more and more importance will be attached to a wide range of individual aspirations such as enjoyment, well-being, experience or convenience and to social and ecological guiding values as well. The low-end and high-end price and quality spectra are growing at the expense of the mainstream segments. Coop is rising to this challenge by expanding its offering in targeted fashion, for instance with the Prix Garantie, Weight Watchers and Fine Food labels. It is also deploying its tried-and-tested strengths by building on the leading position it has gained with labels such as Coop Naturaplan and Betty Bossi.

According to the IHA retail trade study of May 2005, the product range is the customer's second most important criterion for selecting a store at which to do the everyday shopping. However, by far the most important criterion is proximity and accessibility. The Coop Group with its 1,437 sales outlets throughout Switzerland is also very well positioned in this respect, with 99% of the Swiss population able to reach the next Coop store within ten minutes by car.

#### Growing price awareness – falling prices

Coop greatly improved its value for money in 2005, and prices for the product range as a whole dropped by 2.0%. This includes the rise in the price of fuel and heating oil caused by global market pressures. The fall in prices in the core business of retailing was 2.8%, while prices in Trading were down by as much as 3.0%. The lower price level was due on the one hand to the launch of the guaranteed bargain-price label Prix Garantie and on the other to the permanent reduction by an average of 15% in the prices of over 650 branded articles and Coop own-brand

items. In this way Coop is passing on to its customers the savings and efficiency improvements it has derived from the CoopForte merger process, as well as a reduction in its own margins. Coop invested a total of 280 million francs in lowering retail prices in 2005. Coop aims to selectively expand the Prix Garantie label and continue lowering prices in targeted fashion. From its business partners it expects more contributions to its value for money in the form of lower purchasing prices; Coop will pass on the full amount of these contributions to its customers. In its ongoing dialogue with international suppliers, Coop is strongly committed to negotiating prices that correspond to EU levels: International brand manufacturers take excessive advantage of differing general economic conditions to set their prices. A stop should be put to this practice because it creates a differential that has, in the end, to be paid by the consumers. As a member of the Coopernic purchasing alliance with European partners, Coop will be breaking new ground in this connection.

### **Most attractive special offers in Swiss retailing**

The good value Coop offers for money is also due to its many regular special offers throughout the range. Coop has not only the most, but also the most attractive, special offers in Swiss retailing: In Coop Supermarkets alone, over 100 articles are offered every week at matchlessly reduced prices. In addition to the regular special offers, in 2005 Coop offered 26 "bargains" in the Non-food sector with price cuts of up to 50%. These included an LCD computer monitor, an MP3 player, a kettle grill and a steam iron unit from LauraStar.

Coop trophies, the loyalty bonus gifts obtained with Supercard points, now have a firm place in the roll-call of Coop's activities. In summer 2005, customers benefited from the promotions for Tupperware, which were available in Coop shops for the first time. And from September 2005 to January 2006, fine porcelain products

from Rosenthal and Royal Doulton continued the tradition of attractive Coop trophy campaigns.

### **Environmentally and socially responsible flagship labels**

Coop's flagship labels Coop Naturaplan, Coop Naturaline, Coop Oecoplan and Max Havelaar are success stories with a history extending back over ten years. With these flagship labels, Coop has taken environmentally and socially responsible products out of their niches and made them attractive to a broad public. After a period of regular growth, sales of the flagship labels in 2005 fell for the first time ever, though at a very high level, by 4.1% to 1.31 billion francs. This result was due largely to humanely produced meat, which accounts for the bulk of the flagship label turnover: prices in this segment fell and there was a shift in sales to the Prix Garantie line. Sales of organic products were much the same as in the previous year. There was a further rise in the sale of fair-trade products. Despite operating in an increasingly difficult environment, Coop remains true to its principles, and the sense of responsibility it exercises towards the environment and society is fully reflected in its offering.

### **Coop Naturaplan: persistently high sales despite dwindling prices**

Total sales of Coop Naturaplan declined in 2005 by 5.8% to 1.05 billion francs. The downturn was due largely to humanely produced meat: Owing to the development of price segments with low-price offerings, sales of Coop Naturaplan Porc came under massive pressure. The above-average price fall caused sales figures to shrink. Nevertheless, the Naturaplan range still accounted for a gratifying 36% of Coop's total meat sales. In March 2005, Coop launched a new programme, Coop Naturaplan Veal, which sets a new benchmark in humane animal husbandry and animal health in the calf-rearing industry. In the year under review, the Swiss animal welfare organization STS performed a broadly based study

of animal protection in the Swiss retailing sector, awarding Coop the highest number of points and the accolade of being Swiss champion in animal welfare – a success deriving from years of development work on the Naturaplan flagship label.

In the Swiss organics market, Coop Naturaplan is the clear leader, with a market share of about 50%. Coop aims to build on this position – using among others the “regional organic specialities”, the product line it launched in autumn 2004 and expanded in 2005. With this line Coop is not only targeting customer demand for food with a regional character, it is also creating new sales channels for small-scale producers and promoting added value in the regions. The line now comprises some 100 organic specialities from almost all regions of Switzerland. The ProSpecieRara line is also being steadily expanded. The aim of the ProSpecieRara Foundation is to promote the revival of heirloom native plants and prevent threatened breeds of domestic animals from becoming extinct. Coop backs up this commitment by offering an attractive range of products in organic quality and supporting a number of ProSpecieRara gardens of heirloom varieties and “Ark” farms of threatened breeds in Switzerland.

#### **Effective anniversary activities for Coop Naturaline**

In its anniversary year, the Coop Naturaline flagship label – comprising textiles from organic production plus fair trade and personal-care articles from natural raw materials – raised sales by an impressive 17.3% to 51 million francs. The Naturaline range of textiles was hugely expanded, making it even more attractive. The implementation of the impressive shop-in-shop concept in the Coop City Department Stores proved to be a milestone. Today, Coop is the world’s largest supplier of organic and fair-trade cotton-based textiles. For ten years Coop Naturaline has been a byword for respect for the environment, fair working conditions and skin tole-

rance – also in the processing part of the textile industry. This special anniversary was celebrated with an in-depth report in the Coop member press, attractive special anniversary offers in the sales outlets and the “Feeling good” campaign, which was seen in adverts, on paper carrier bags and on employees’ T-shirts. Employees also benefited from an “experience and motivation” day in spring, when they had an impressive opportunity to get to know the entire textile production chain, from the cotton field and processing of the cotton right through to the finished products on the retailer’s shelves. Employee motivation was and still is a major success factor for Coop Naturaline. After all, it is the employees who have to convince customers of the added value of the products. Since the launch, Coop has invested a great deal in training and sensitizing its workforce – from management to sales staff. Training is also of great importance locally at the cotton projects in Maikaal, India, and Meatu, Tanzania: Using resources from the Coop Naturaplan Fund, Coop finances two training centres that were inaugurated in the year under review.

#### **Coop Oecoplan: 60% FSC-certified wood**

The Coop Oecoplan range already comprises over 1,300 non-food and near-food items. All Oecoplan products are manufactured in accordance with strict ecological criteria, are biodegradable and do not contain ingredients such as formaldehyde or toxic heavy metals that are harmful to health. Sales in the year under review amounted to 94 million francs, just above the previous year’s level. This result, too, is largely due to the drop in Coop prices overall and to the new, low-price promotions in the Coop offering. FSC-certified timber products from sustainable forestry continue to be one of Coop Oecoplan’s strongest sales performers. About 60% of timber products sold by Coop are FSC-certified.

Coop also uses Oecoplan products in its own operations. For instance, all rubbish bags used are made

from recycled plastic. Oecoplan cleaning agents are used to clean offices, sales outlets, restaurant kitchens and other premises. Coop's Oecoplan textile cleaning operation, whose services are offered in the larger supermarkets and, since 2005, in almost all Coop City Department Stores as well, uses environmentally friendly, chlorine-free agents.

### **Max Havelaar: more roses**

In 2005, Coop substantially expanded the Max Havelaar range to about 70 products. Sales posted slight growth on a high basis, rising 0.9% to 112 million francs. The fact that, despite the continuing success of fair-trade products, the increase in sales was not larger was due to the launch of Coop's own-brand bananas and thus to the greater choice available to customers, a goal that Coop has been implementing systematically. This resulted in a tangible drop in sales of Max Havelaar bananas, the main sales performer in the fair-trade range.

Coop is and will remain the world's biggest provider of fair-trade products and is constantly adding new items to this range – most recently Max Havelaar avocado and Bio Noisette chocolate. In spring 2005, Coop substantially expanded the range of roses obtained from fair trade. Most of these are grown in Kenya, Tanzania and Ecuador. Importing Max Havelaar roses from Africa and South American countries is not only fair but also ecological. A comparative study carried out by the ETH in Zurich confirms that, on account of more extensive production methods and despite the long transport routes, flowers produced in Kenya consume much less energy than those cultivated in the Netherlands or Switzerland.

### **Flagship labels in the convenience and health sectors**

#### **Coop Weight Watchers: unmatched anywhere in the world**

In June 2005, Coop launched the Coop Weight Watchers line. Originally comprising some 50 low-fat, low-sugar

and low-calorie products, it had been expanded to over 150 items by the end of the year. This was the first time that the dietary organization Weight Watchers had entered into a cooperative venture with a retail company. Coop and Weight Watchers joined forces to meet the rapidly growing demand for low-calorie products. Weight Watchers products provide a varied, balanced and, above all, tasty diet, despite their low-calorie content. They range from dairy products, salads and meat products to ready-to-eat meals, drinks and even desserts – not to mention rather unexpected products such as mayonnaise, raclette cheese and fondue mix. The packaging indicates the respective fat and calorie content per portion and the number of Weight Watchers points each portion represents. The Weight Watchers programme and its points system provide a strikingly simple solution for all those who want to lose weight or maintain their desired weight in the long term. In terms of price, these products are, despite their added value, comparable with Coop own-brand items and cost much less than their branded counterparts. With the Weight Watchers products that replaced the previous Lifestyle line, Coop posted sales of 80 million francs in the first half-year following the launch. The new line is to be expanded to over 300 items by 2007. In the medium term, Coop is targeting sales of 300 million francs and the leading position in the "low-calorie" market.

#### **Betty Bossi: steady stream of innovative new products**

The Betty Bossi flagship label is a byword for top-class convenience products. Since being launched in 2002, the Betty Bossi range has been on a steady growth trajectory. It now comprises some 700 items, which are either for immediate consumption (ready to eat) or can be prepared rapidly (ready to cook). They range from fruit juice and sandwiches to salads and complete ready-made meals. Thanks to the traditional Betty Bossi brand, Coop is now the market leader in fresh convenience



food. Sales in the year under review amounted to about 400 million francs.

Working in cooperation with Coop Category Management and selected suppliers, the Betty Bossi competence team also developed a wide range of innovative products in 2005. These include the Sushi sandwich with a rice wrap or the raclette plate with all the trimmings for micro-waving. Despite its standard range, Betty Bossi features regular special offers such as the “pasta of the month” – for instance, the fresh ravioli al limone that was on the menu in October 2005. Sales of fruit and vegetable and also of ready-to-eat meals are growing. Loose leaf salads, particularly young varieties and lettuces, and exotic dishes are currently particularly popular among customers.

### **Branded products**

#### **The largest selection of branded articles**

Branded articles are a key component of the Coop offering. Many customers shop at Coop specifically on their account. Coop is and will remain the only Swiss retailer with a full range of top-quality branded articles. They currently account for 47% of Coop’s sales. Every week, Coop adds a significant number of new items from large and small brand manufacturers alike. It systematically analyses and reviews all ranges from the viewpoint of brand potential. After all, customers have high expectations of branded items: high standards of quality, a distinctive profile that sets them apart from the products of competitors, a pronounced innovative spirit and a high level of name recognition. Coop in turn provides brand manufacturers with a unique platform for positioning and marketing their brands and products. By the way, most of Coop’s flagship labels and own brands are produced by the Swiss branded products industry. Coop will remain a reliable partner for producers of distinctive branded products.

### **Coop own brands**

#### **Brand quality at favourable prices**

Coop own-brand articles comprise a wide range of products sold at low prices but in branded-article quality and therefore offer unique value for money. The uniform labelling with the Coop logo on a black, square background makes it easier for customers to choose between branded articles and Coop own brand. In this way, Coop also differentiates itself clearly from the competition. All articles in the Coop own-brand ranges currently account for 38% of Coop’s overall sales. Besides the well known products that offer both a good price and high quality, the range of own brands was expanded in 2005 at the low-end and high-end price segments: Prix Garantie offers guaranteed bargain prices, while Fine Food stands for gourmet specialities.

#### **Threefold promise with Prix Garantie**

In January, Coop launched the guaranteed bargain-price label Prix Garantie with a striking pink look to it. The label initially comprised about 150 products sold in Coop Supermarkets and some 50 non-food articles sold in Coop City Department Stores, consisting of particularly popular articles for everyday use that sell in large amounts and whose attractive prices bring noticeable relief to the customer’s budget. By the end of 2005, the line had been expanded to 350 products. Since September, Coop Building & Hobby has also offered 60 items under the Prix Garantie label. With this new line sold at entry-level prices, Coop already posted sales of over 330 million francs in the first year. Coop will be expanding the Prix Garantie line in selected product categories in accordance with customer needs. The success of Prix Garantie is based on a threefold promise: guaranteed low price thanks to discounting; guaranteed permanent bargain prices rather than temporary special offers; guaranteed quality, meaning that Coop consciously excludes low-quality products from the Prix

Garantie line. For instance, Coop makes a point of not including cheap eggs from battery hens.

### **Delicacies from Fine Food**

With its Fine Food line, Coop markets an attractive selection of excellent-quality specialities which are not only delicious but also have something special about them – the ingredients, their origin, the way they are prepared, or their producers. Fine Food rounds off the range of Coop own brands in the premium segment. But Fine Food products are not unaffordable luxuries. They are delicacies that customers can allow themselves to purchase for special occasions. Even the design of their packaging communicates their high culinary aspirations. Each item is provided with a small leaflet describing the product's history or what makes it special. Under the heading of "Inspiration" there are also tips on preparation or serving suggestions. The label was inaugurated at the end of 2004 with superior salmon products and fillets of trout from the long-established Dyhrberg smokehouse in Balsthal. In the course of 2005, Coop steadily expanded the Fine Food label, which now comprises about 100 attractive items such as fresh pasta from the Pirro family on the Ionian Coast of Calabria. Coop will be adding to the label in 2006. The medium-term target is about 200 items and sales of some 50 million francs.

### **Mobile phone offers**

#### **It's a matter of seconds with CoopMobile**

In cooperation with the mobile phone provider Orange, Coop launched CoopMobile, the attractive prepaid offer, at the end of September. CoopMobile is marketed under the Prix Garantie label and consists of a uniform per-minute rate – calculated to the second – and various additional services. The SIM card, which is offered on its own or optionally together with one of three different mobile phones, can be recharged at any Coop check-out desk. Supercard customers can pay for their phone

credit with Supercard points. CoopMobile offers everything that customers are accustomed to from a Prix Garantie product: guaranteed bargain price, guaranteed price stability and guaranteed quality thanks to services that are better than the competition's. By the end of 2005, over 90,000 customers had taken advantage of the offer. Half of them had also purchased one of the mobile phones on offer as well as the SIM card.

**For more  
natural living.**



**For organic farmers.**

**For organic cooks.**



**For organic farmers.**

**The Wüthrich family from Puidoux (Vaud).**  
“Our organic products are of the highest quality and available completely fresh at Coop.”



## Coop is represented in Switzerland with 1,437 sales outlets – everywhere and at any time.

In summer, the latest addition to Coop Megastores opened its doors in Berne's Wankdorf Stadium complex. Coop's online shop now reaches Switzerland's 40 biggest cities. And after streamlining locations, Coop City Department Stores are on the right course – sooner than expected.

### Food formats

#### Supermarkets with 10,000 to 15,000 articles

In the year under review, Coop Supermarkets generated sales of 8.82 billion Swiss francs, 2.1% less than in the previous year. If the 2.8% fall in Coop retail prices is taken into account, sales rose by 0.7% in real terms. Coop opened 11 new stores and closed 16. The sales area increased by 1.3% to 771,056 m<sup>2</sup>. Coop is the Swiss retailer that is closest to its customers: it operates 791 supermarkets in all regions of Switzerland. Each Coop Supermarket stocks between 10,000 and 15,000 articles that cover customers' entire everyday shopping needs. Besides their wide range of products, Coop Supermarkets also offer an attractive and agreeable shopping experience, with further outlets being steadily remodelled to the new POS look. Coop is investing over 600 million francs in this new sales-outlet concept. The work will continue this year and should be completed by 2008.

Having the densest network of sales outlets, Coop also has an important role to play in upholding national supplies. This was demonstrated during the floods at the end of August 2005. Though dozens of Coop stores in Central Switzerland, the Bernese Oberland and Eastern Switzerland were themselves flooded, the population affected still had to be kept supplied with adequate amounts of food. To get the goods to the stores, unconventional solutions had to be found for road transport, and helicopters had to be used. In areas without electricity, it was even necessary to organize open-air sales stands for the unrefrigerated merchandise.

Coop Supermarkets are more than just places where people do their daily shopping. In the course of 2005, Tchibo set up shop in Coop Supermarkets: at the newly inaugurated Aarepark shopping centre in Würenlingen in May and at 25 other locations by the end of 2005. Each week, Tchibo creates a new thematic display of up to 40 selected non-food articles that are both attractive

and, above all, inexpensive, with each offer lasting four weeks. As from 2006, Coop will have Tchibo Shops in all its larger supermarkets. Their size will vary according to the available sales area. The cooperation with the successful Tchibo brand is an attractive addition to Coop's offering.

#### New Coop Megastore in Stade de Suisse

Coop Megastores are the Coop Group's flagship sales outlets. With over 5,000 m<sup>2</sup> of sales area and over 40,000 articles, they offer a shopping experience that satisfies all aspirations and covers all needs. In August 2005, the latest Coop Megastore opened its doors at the Wankdorf Center in Berne. The shopping centre is part of the new Stade de Suisse complex and has a sales area of over 14,000 m<sup>2</sup> and room for 36 different businesses. Coop now operates 13 megastores throughout Switzerland. Other megastores will open in 2006 in the shopping centre of the new La Maladière stadium in Neuchâtel and in the Schlund centre in Kriens, which is taking the place of the former Pilatusmarkt.

#### Coop's online shop supplies the 40 biggest towns

www.coop.ch, the Coop online shop, has its pioneering phase more or less behind it. There was further expansion in 2005, generating sales of 25 million francs, 57.2% more than in the previous year. Central and Eastern Switzerland were added in March to the regions supplied by www.coop.ch, with large parts of the Central Plateau in the cantons of Aargau and Solothurn joining them in August. As a result, the Coop Group's online shop now reaches over 60% of Swiss households and supplies the 40 biggest Swiss towns. A fleet of 54 vans take to the roads every day to deliver orders for items from the 4,000 and more products that currently make up the range. In 2005, they made a total of some 135,000 deliveries worth an average of 190 francs. Many customers particularly appreciate the fact that their orders – from the

telephone call to delivery to the front door – are handled by Coop staff. The offering was further expanded in the year under review. The new Prix Garantie, Fine Food and Weight Watchers labels are also available from [www.coop.ch](http://www.coop.ch), and online customers can benefit from the current trophy campaigns. The recipe service is a new feature: recipes that can be picked up at the sales outlets can also be downloaded and printed on the Internet – and the ingredients required can immediately be ordered online.

**Coop Pronto: more and more shops and a steadily growing range**

2005 saw a continuation of the positive trend in the market segment of open-till-late convenience shops, and there are no signs of market saturation. In this operating environment, Coop Pronto Convenience Shops increased their sales to 317 million francs, 26.8% up on the previous year's figure. In the year under review, Coop opened ten shops at petrol stations and eight stand-alones. A milestone was reached with the opening of the 150th Pronto Shop in Muri in November. In December, the largest Pronto Shop so far opened its doors at the A2 service station at Neuenkirch, with 340 m<sup>2</sup> of sales area accommodating a rich and varied range of items for everyday needs and wide selection of fresh produce. The offering is rounded off with a tourism range, fine gourmet items and a selection of regional specialities. Expansion of the range of fresh produce is continuing at all Pronto Shops. The salad bar is a regular feature of the latest shops and the new promotion for the "bread of the month" will make them even more attractive to customers. Coop plans to open 20 new Coop Pronto Shops in 2006.

**Restaurants serving ProSpecieRara products**

Despite further stagnation in the gastronomy market, Coop Restaurants had a good 2005. Customers appreciate them particularly for the good value for money and

the high quality they offer. For instance, Coop Restaurants use only Coop Naturaplan products in their meat dishes. In the year under review, they served a greater number of ProSpecieRara products. As part of its sales market strategy, Coop revamped its catering formats and introduced various new features in early 2006: In some restaurants, for instance, salad dishes and hot side dishes are prepared in a special "freshness island", and patrons can watch them being prepared at first hand.

**Specialist retail formats**

**Coop City Department Stores: generating profits sooner than expected**

Coop City completed the far-reaching streamlining of its locations in 2005. Various department stores were remodelled or enlarged while the previous EPA ranges in others were adapted to Coop City requirements. After closing 11 outlets, Coop City now operates 33 department stores throughout Switzerland. These stores, all of which will be kept on, already operated profitably in 2005 – a year earlier than originally planned. Owing to the closures and remodellings, which account for lost earnings of 151 million francs, total sales of Coop City fell by 13.9% to 938 million francs. During the year under review, Coop City opened Coop Naturaline Shops in all its department stores, which provide an attractive setting for demonstrating the competency of the Naturaline range. The diversity of the Coop offering in different price segments can also be experienced at the Coop City stores, which have been selling the Prix Garantie line since January 2005. Besides streamlining its textile range, Coop City expanded its offering in the perfumes, stationery and household goods departments and successfully launched new products and services. Priorities planned for 2006 include remodelling the food department at the St. Annahof store in Zurich and



opening a new store at the Schlund shopping centre in Kriens. Coop's goal for its department stores is unchanged: Coop City with its 40 or so stores is the number two in the Swiss market.

**Building & Hobby: attractive own brands thanks to international cooperation on purchasing**

Coop Building & Hobby centres posted sales of 633 million francs in 2005, 2.3% more than in the previous year. This result enabled it to more than maintain its leadership position in a highly competitive environment. In September 2005, Coop Building & Hobby also introduced Prix Garantie articles, comprising items for everyday use in the home or garden, plus different car accessories. This gives customers of Coop's building supplies centres, too, the choice between the entry-level segment, favourably priced own brands, qualitatively outstanding branded articles and environmentally and socially responsible flagship labels. Coop Building & Hobby is stepping up its strategic cooperation with the international purchasing group Toomax-x, which is resulting in steady improvements in own-brand ranges.

Building & Hobby remodelled and extended a number of its centres as part of its vigorous implementation of the 2008 Sales Strategy. New centres were opened in Emmen, Mendrisio, Winterthur and La Chaux-de-Fonds. With its current total of 67 centres, Coop Building & Hobby is on course to achieve its expansion goal of 80 stores by 2008.

**Interdiscount: expanding the XXL store format**

By raising sales 6.0% to 921 million francs despite a more than 2% fall in prices for the range, Interdiscount – the number one in the Swiss consumer electronics market – was also able to gain market share in 2005. This success was due on the one hand to the systematic implementation of the discount strategy and on the other to the ongoing remodelling of the stores, which is being

very well received by customers. Since the launch of the new sales outlet design in 2003, 124 stores have already been given the new look. The creation of additional large-surface XXL stores with a sales area of 1,500 to 4,000 m<sup>2</sup> also had a positive impact on sales. Five XXL shops opened their doors in Wettingen, Regensdorf, Zurich Sihlstrasse, Berne Wankdorf and Geneva Croix d'Or in the year under review. Two further XXL stores will follow in 2006. Interdiscount now operates a total of 13 XXL stores and 161 Interdiscount stores.

**Toptip/Lumimart: both new and refurbished stores**

In 2005, Toptip established new, large-surface furniture showrooms in the newly opened home furnishings centre in Emmen and in new premises in Thun. The Lumimart stores expanded in particular, with stores opening in Emmen, at the Wankdorf Center in Berne and in Toptip's flagship store in Oberentfelden. After closing five stores, Toptip and Lumimart, taken together, now operate 58 sales outlets. In the fiercely competitive furniture market, Toptip and Lumimart sales together decreased by 4.1% to 245 million francs. While Toptip was able to maintain its year-back figure, Lumimart posted a decline of 7.6% in sales.

**Successful discount strategy at Import Parfumerie**

As part of its new discount strategy, Import Parfumerie had streamlined its offering in 2004 to the 4,000 most popular items and cut the fixed price of the 300 most important ones. This strategy was successfully continued in the year under review, with Import Parfumerie raising sales slightly by 1.5% to 143 million francs. After streamlining various locations and opening new stores, Import Parfumerie now operates 86 sales outlets, three fewer than in the previous year. A number of new stores are scheduled to open in 2006, for instance in Schlund Kriens, Wettingen and La Maladière, Neuchâtel.

#### **Vitality pharmacies: attractive services**

Coop Vitality now operates 19 pharmacies throughout Switzerland, most of them in large Coop shopping centres. They offer a full range of prescription-only and over-the-counter medicines, plus other ranges such as natural remedies, sport nutrition, dietary products and everything parents need for child and baby care. They also perform services such as measuring cholesterol, blood pressure and blood sugar levels.

A total of eight new pharmacies opened in 2005, almost doubling the number of stores. As a result, sales grew by 63.2% to 31 million francs. In 2006, seven pharmacies are scheduled to open. The medium-term target is 50 pharmacies.

#### **Coop Mineraloel AG: 23.8% more sales**

Coop Mineraloel AG, comprising Coop petrol stations, Coop Pronto Shops and the sale of heating oil, boosted sales in 2005 to 1.26 billion francs, 23.8% more than in the previous year. Besides further expansion, this was due in part to the rise in the price of mineral oil products. Sales of heating oil were comparable with the year-back level. In an environment shaped by turbulence in the global crude oil market and the fierce competition this triggered, sales in the filling station business rose by 22.6%. Thus Coop Mineraloel AG was able to increase its market share by more than one percentage point.

#### **Sales outlets and the environment**

##### **New supermarkets using less energy**

In the 2004/2005 energy year, overall energy consumption at the sales outlets as a whole remained more or less stable. While electricity consumption rose slightly, consumption for heating purposes fell by several percent. As a result of the growing number of stores with energy management systems in place, the consumption data for heating are improving from year to year. This now applies to a total of 190 stores, of which the 120 supermarkets

already account for 20% of the supermarket sales area as a whole. Energy-related data for these modernized and newly energy-efficient supermarkets are developing satisfactorily, with electricity consumption per square metre falling by 5%. Though consumption of heating oil per square metre fell by an average of only 1%, the small stores achieved a marked decrease of 10%. CO<sub>2</sub> emissions present a similar picture, falling by only 2% on average, but by 22% in the small stores. Specific consumption for heating purposes now amounts to only half the overall average for all supermarkets as a whole. In future Coop will only produce freezers with doors or sliding lids made of glass; old models can be refitted. Besides saving electricity, this is also a quality assurance measure. Freezer chests for meat and fish will be equipped with a glass cover to prevent cold air from escaping. In addition, small stores will also be equipped to use waste heat from refrigeration plant.

##### **Implementation of prepaid recycling charge**

What Coop has been practising for years is now enshrined in law: Since the beginning of 2005, electrical and electronic equipment can now be returned free of charge to stores that sell similar items. For this benefit, customers pay a prepaid recycling charge when they purchase the equipment. This also applies to tools and toys and, since August 2005, lamps and lighting equipment. As a result, the volume of equipment returned to Coop has increased by almost a quarter. Producers, importers and retailers founded the SLRS (Light Recycling Switzerland Foundation) to handle the prepaid recycling charge on lamps and lighting equipment. The S.EN.S (Swiss Waste Disposal Foundation) is responsible for the corresponding operations in the retailing channel. Compared with the previous year, a quarter more batteries were returned to the sales outlets for recycling, which is a very satisfactory development. The high recycling quota for PE milk bottles was maintained.





**For every  
occasion.**



For  
soft fur.



For  
soft skin.

**Vanessa Mungo from Esslingen (Zurich).**

“Coop has everything under one roof: everything for me,  
for my cat and for our household.”





## Coop has a lot to offer in addition to what's on its shelves.

Two anniversaries: For 100 years now, Coop's Quality Centre has been a guarantee for impeccable products and compliance with high standards of sourcing. And for the last 5 years customers have benefited from the Coop Supercard range of bonus gifts.

### Quality and sustainable sourcing

#### 100 years of Coop Central Laboratory

As far back as 1905, the VSK (association of Swiss cooperative societies) had been operating its own laboratory to improve the safety of customers – a pioneering achievement. The first, modest operation with a staff of three in Basel grew over the next 100 years into an ultramodern, widely recognized laboratory employing over 80 people – the Coop Quality Centre, with locations in Pratteln and Wangen. In the presence of Swiss Federal Minister Joseph Deiss, Coop organized a symposium in September 2005 to mark the institution's centenary.

The laboratory's 100-year history reflects consumers' changing aspirations and habits: While earlier consumers depended on locally produced food and prepared their meals in their own kitchens, today they can enjoy countless ready-made, frozen or ready-to-eat convenience products, the ingredients of which may come from all over the world. The demands our food has to satisfy have grown enormously: it has to be not only of better quality but also safer, produced on a fairer basis and yet inexpensive. For this reason, Coop invests considerable effort and money in performing its own analyses and checking the quality of its products.

#### 14,000 samples and 220,000 tests

In 2005, the Quality Centre carried out approximately 220,000 tests on some 14,000 samples. The samples were collected on a random basis in accordance with a risk assessment of Coop's range of own brands. The bulk of the tests were in the Food sector, compared with 10% in Non-food.

The Quality Centre performs regular checks of hygiene at the sales outlets and restaurants. Since the beginning of 2005, cleanliness has been tested by a new method that produces results within a few seconds.

Since 2000, Coop has insisted that table apples comply with the measurable quality criteria of sugar content and

firmness. Coop developed a systematic incoming-goods inspection procedure for measuring these values. This has greatly improved the quota of absolutely impeccable deliveries in the last three harvest periods – an increase in quality that consumers experience at first hand.

#### New measures to monitor social compliance

Coop has a vision that compliance with minimum social-accountability criteria will, in the foreseeable future, become as normal as food safety standards now are. Coop's flagship labels have been pioneers in this respect. But Coop has also been steadily tightening the requirements that the standard ranges have to satisfy. In January 2005, it became a member of the Business Social Compliance Initiative (BSCI), an association of European retailers set up to implement social-accountability standards. In doing so, Coop undertakes to conduct audits in the next three years on two-thirds of its purchasing volume from defined high-risk countries in the sensitive areas of textiles, shoes, toys and sports articles. In cooperation with the corresponding suppliers, Coop is now drawing up measures to audit and, if necessary, improve sourcing. In this task it can refer to the experience already gained in pilot projects with Coop Naturaline suppliers, which are audited every year throughout the entire value chain. Seven Naturaline suppliers have already been certified to the highest social standard SA 8000, and others will follow suit in 2006. In parts of the textile sector, membership of BSCI has the advantage that the code of conduct, which is based on the "Clean Clothes Campaign" in existence since 2000, can be implemented more efficiently and to greater effect.

#### For good social practices in agriculture

On the basis of the experience gained with vegetable producers and their suppliers in Southern Spain, Coop has entered into a joint project-related partnership with the GTZ (German Society for Technical Innovation)

and EurepGAP. The project is entitled GRASP (Good and Risk-oriented Social Practices in Agriculture) and aims to improve social conditions for plantation and seasonal workers in agriculture. It will conduct sample audits in different countries and sectors to identify social problems and risks and to show how the main issues can be monitored by conducting annual audits of farms. National roundtable meetings involving all players will be organized to draw up a code of good social practices. The goal is to implement these good social practices internationally and to round off the EurepGAP standard by 2007 with criteria governing socially compatible working conditions. The EurepGAP standard already covers ecology, animal welfare, food safety and occupational safety and protection.

#### **GMOs: who pays to keep product flows separate?**

In November 2005, the Swiss electorate voted in favour of a five-year moratorium on the cultivation of genetically modified plants in Switzerland. But it is still legal to import food or animal feed made from already authorized genetically modified raw materials. A key question in the system of coexistence drawn up by the Swiss Federal Government is: Who is going to pay the cost of keeping the flows of products separate? The GMO producer or the conventional or organic producer? Coop is committed to the principle of causality, under which the cost of maintaining separate flows of goods is paid by those who want to grow and market the genetically modified crops.

#### **Responsible soy bean farming in Brazil**

A project run jointly by Coop and the WWF and financed by the Coop Naturaplan Fund aims to promote sustainable cultivation of soy beans for use as food and animal feed. The goal is to avoid any further destruction of rain forests or misappropriation of valuable savannah for other uses. The conditions underlying this project are laid

down in the "Basel Criteria for Responsible Soy Production". Discussions with potential buyers are underway in Switzerland and the EU with a view to pooling demand and thereby keeping costs at a competitive level.

#### **Customer services**

##### **Off to the mountains with Supercard**

Supercard, Coop's customer loyalty programme, celebrated its fifth birthday in 2005 with a series of special offers, with for instance the bonus-gifts bus stopping at some 220 places to display its wares. And in the "St. Moritz at half-price" promotion, customers ordered 15,000 overnight stays. With 2.3 million card users able to collect points at all sales outlets of the Coop Group and its partner businesses, Coop Supercard is Switzerland's biggest customer loyalty programme. In the year under review, the number of bonus gifts ordered or collected grew by 9% to over 1.7 million, of which 85% were ordered for home delivery, while the rest were take-away bonus gifts at the sales outlet itself or were used as phone credit for the new CoopMobile special offer. At the present time, 94% of the points are being exchanged for bonus gifts. About a quarter of all bonus gifts were ordered online. During the year under review, the Swiss Federal Data Protection Commissioner subjected the Supercard programme to close scrutiny. His report was entirely positive, with no data protection shortcomings being identified.

##### **Customer Service: new online feature**

In 2005, the Customer Service answered some 102,000 queries, 1.9% more than in the previous year. There was a striking increase in the number of queries submitted by e-mail, which accounted for almost 50% of questions – particularly at the expense of phone calls. From spring 2006, Coop will therefore be offering a simpler and more attractive website. Every single customer query will be transferred to a reporting system, enabling it whenever possible to be taken into account when product and

range decisions are taken. In addition, Coop's responses to customer queries will provide a database for a standardized system of responding to current and frequently asked questions, and therefore customers will receive professional answers to their queries even faster in future. Since 2006, this system has also been used by the customer service of Coop City Department Stores.

**“passabene”: less queuing at check-out desks with selfscanning**

In October 2005, Coop started the Swiss retail sector's first-ever selfscanning pilot scheme in its supermarket in Frenkendorf. “passabene” enables customers to scan in their purchases themselves using a hand-held scanner and then pay for them at the check-out desk without having to remove them again from the shopping trolley. After selecting his or her purchases, the customer hands in the scanner at the “passabene” check-out desk where the cashier initiates the payment process. The scanner display window always shows the price of the individual item, the benefits of any special offers, the number of Supercard points and the current purchasing total. “passabene” is a shopping system that is designed to virtually eliminate the queues at check-out that are complained about so often in customer surveys. The current check-out procedure and the contact with the cashier that goes with it will continue with this service. The pilot scheme will last until spring 2006 and has been extended to the supermarkets of Gelterkinden and Würenlingen.

**Health**

**Nutrition Unit: provision of comprehensive information**

Coop's Nutrition Unit is responsible for the “Food and Drink” section of its website, where it provides information for diabetics, or people who want to follow a vegetarian diet or do not tolerate products containing lactose or gluten, or who simply want to eat healthily. It also produces

brochures on various topics. Two of these, “Gut und gesund essen! – Die Lebensmittel-Pyramide” (Eating well and healthily – the food pyramid) and the “Saisonkalender Früchte und Gemüse” (Seasonal calendar for fruit and vegetables) were updated in the year under review.

In February 2005, Coop's Nutrition Unit ran a stand at the Swiss Trades Fair in Basel, at which visitors had an opportunity to measure their body fat values. The subject of obesity is an increasingly important issue for the Nutrition Unit.

**Strategies for shedding excess weight with Weight Watchers**

The number of overweight people has increased to alarming proportions in recent years and is becoming a serious problem. Part of the responsibility lies with the food industry and the retailing sector. Generally speaking, food cannot be divided into good and bad, but there is a good way and a bad way to feed ourselves. At Coop, attention is focused on consumers' personal responsibility and choice. Besides the low-calorie products of its flagship label Weight Watchers, Coop offers a large selection of articles for individual customer needs, plus a broad spectrum of information. A healthy lifestyle also includes physical activity. Coop features the subject of exercise in its information on nutrition-related topics wherever possible and supports a variety of projects that motivate people to engage in physical activity. The “Freestyle Tour” is a case in point: Young people prepare healthy meals together with a rapper cook, while also putting their skateboarding or breakdance skills to the test against experienced cracks.

**Political issues**

**Coop calls for faster handling of building permits**

Some authorities assume that reducing the number of parking spaces for new retail developments will increase

the use of public transport. As a result, new building projects risk being subjected to even stricter conditions. Coop and other retailers made their views known to the federal authorities that are reformulating the recommendations for “heavily frequented sites”. Coop also spoke out in favour of revising the law that allows associations the right of appeal against new development projects: environmental organizations should be obliged to submit any objections they have to such projects as early as possible and not use tactical manoeuvres to delay the planning and realization of shopping centres. Generally speaking, Coop considers that decisions on building permits take far too long, even by international standards. Coop supported the revision of the Labour Law, which, following a referendum initiated by the trade unions, was voted on in November 2005. The revision was approved, enabling various Coop Group stores at railway stations and airports to stay open on Sundays. Coop continues to believe that extended opening times should be confined to petrol stations, railway stations, airports and tourist destinations.

### **Level playing ground for Swiss trade**

Bearing in mind Switzerland’s plan for a unilateral takeover of the “Cassis de Dijon” principle, Coop advocates the rapid dismantling of unnecessary barriers to trade in the area of food law. Under the “Cassis de Dijon” principle, products produced in the EU under less strict regulations than in Switzerland could be imported without any restrictions. A report by the Europa Institute of Zurich University shows that this would put domestic producers and providers at a clear disadvantage. It means that most of the special requirements applicable within Switzerland would have to be dismantled if producers and retailers in Switzerland are to enjoy a level playing ground with their foreign competitors.

### **System change for poultry imports leads to massive pressure on prices**

Coop continued to maintain regular and constructive dialogue with Swiss farmers and farming organizations in the year under review.

It further expanded the range of products it sells under the Suisse Garantie label of guarantee and origin, adding eggs, potatoes, potato products and tinned vegetables. Suisse Garantie stands for products of Swiss farms that have satisfied the requirements for ecological certification and dispense with the cultivation of GM crops. The products have to be processed in Switzerland and must satisfy additional, sector-specific conditions.

The change in the system of allocating import quotas for meat also left its mark on the year under review. Until then, import rights had been tied to the purchase of domestic meat; now they are auctioned off in some cases. While the change of system has so far had little impact on pork, it led, as expected, to massive dumping in the poultry market, in which cheap imports had previously served the purpose of lowering the price of domestic products. Since price cross-subsidizing is no longer possible, the price of Swiss poultry has increased enormously in relation to imported goods. The pressure from imports was particularly obvious in respect of the most popular item, chicken breast, and sales of less sought-after cuts from Swiss production slowed down. Against this backdrop, Coop is therefore calling, in the consultation procedure for Agricultural Policy 2011 (AP 2011), for an improvement in general operating conditions, for example lowering of feed prices, to enable meat producers in Switzerland to work at less cost and under conditions comparable to those of the international competition.

## Media

### The Coop member press is also the newspaper most widely read by young people

The 1902-founded Coop member press (Coopzeitung, Coop ration, Cooperazione) made further steady and gratifying progress in the year under review. The circulation of the three language editions rose by 3.0% to about 2,346,000, which means that the Coop member press is delivered to two-thirds of all Swiss households. Readership figures have stayed at a very high level, with 3.3 million people claiming to be regular readers of the Coop member press – about half the population of Switzerland old enough to read. 850,000 readers aged between 14 and 34 read the Coop member press, making it the Swiss newspaper most widely read by teenagers and young adults.

The newspaper concept introduced in 2004 has proved to be successful. The editorial focuses of the Coop member press are the family, society, consumption, the economy, the arts and entertainment. Reporting on developments within the Coop Group has been stepped up, with the Coop member press providing even more detailed information on added value, changes to the ranges and Coop's current offers. The Coop member press regularly organizes readers' trips and publishes books on hiking and cookery that are enjoying growing popularity. Over 3,500 people took part in readers' trips in 2005.

### Target group-specific topics in "Beauty&Life"

June 2005 saw the first issue of the lifestyle magazine "Beauty&Life", which is published at regular intervals and can be picked up in large supermarkets and in Coop City Department Stores. "Beauty&Life" offers a shopping service and product presentations, and in an editorial section it keeps the public up to date on topics from the areas of beauty, wellness, image and lifestyle. The first three issues of "Beauty&Life" have been very well received by readers. In 2006, there will be six issues of

the 52-page lifestyle magazine, in German and French. Coop is thus the first Swiss retailer to publish regular issues of a magazine that is so precisely aimed at a specific target group. "Beauty&Life" provides Coop's business partners in the branded-goods industry with an ideal setting for image advertising and has been well received by them.

### Goodbye to Coop Studio and Telescoop

For no fewer than 28 years, Coop Studio was a fixture of Swiss television on Wednesday evenings just before the news. With its blend of reporting, recipes, studio guests and special offers, the programme established itself among a broad public of regular viewers as an entertaining and informative weekly review of news from Coop. After a rethink with regard to target groups in the new TV advertising approach, the decision was taken to end the Coop Wednesday Studio as from 2006. In addition, broadcasting of Telescoop, Coop's daily noontime slot, was terminated in autumn 2005. Last year, the Telescoop caravan travelled from one end of Switzerland to the other. Its reports, cookery demonstrations with leading young cooks, interviews, games and competitions were recorded in a different region every week. Despite stable viewing quotas at a high level, the cost of producing a daily programme was too high in relation to the number of contacts achieved. Coop's TV appearances in 2006 will focus particularly on short commercials aimed at specific target groups.

### "al dente" now in French as well

Since 2001, Coop has been a partner of "al dente", the Betty Bossi TV quiz show with a regular audience of about 700,000. Every second Monday evening on the German-language SF1 channel, presenter Sven Epiney guides viewers through the show, in which three candidates can win prizes donated by Coop. Each time, Sibylle Sager and Andreas C. Studer conjure up a three-course meal.

Since summer 2005, “al dente” has also been shown on the French-language TSR1 channel, with Olivier Villette as presenter and Anita Lalubie and Sébastien Rey in the kitchen – and it has been just as successful as in the German-speaking region.

### **www.coop.ch is one of the most popular websites in Switzerland**

www.coop.ch has become one of Switzerland's most popular websites, reporting 12 million visits in 2005. Independent surveys conducted by the WEMF media research company confirm that www.coop.ch reaches up to 23% of Swiss Internet users each month, thus putting the Coop website among the leaders. The focus in 2005 was on customer and service-oriented expansion, resulting in a much stronger presence of the different sales formats and current special offers. Online promotions through interactive games were a highlight of the year under review, with visitors to www.coop.ch playing more than five million games. Coop also attaches particular attention to communication in the form of different newsletters. Newsletters dedicated to specific topics already have over 500,000 subscribers and customers can order them on the Coop website.

## Coop continues to be an attractive employer and now offers a new type of sales traineeship.

In October 2005, Coop and the social partners agreed on a rise of 2% in the overall pay roll, while also raising the minimum wages paid at Coop. 700 trainees began their new “Verkauf.CH” sales traineeship – and their experience to date has been positive.

### Social partnership

#### Pay increases in collective employment agreement

Relations with the negotiating partners – KV Schweiz (Swiss commercial association), Syna/OCST (trade unions), Unia (interprofessional trade union) and VdAC (Coop’s own in-house employee association) – were unproblematic and partnership-oriented in the year under review. Coop is confident that a good way of working together with all the social partners can also be found in 2006.

The constructive and frank round of wage negotiations in October 2005 resulted in pay adjustments in the collective employment agreement and to an increase of 2% in the total payroll, to take effect at the beginning of 2006. The minimum monthly wage at Coop is now 3,400 francs, the minimum hourly wage 19.30 francs. All employees with a monthly wage of less than 4,000 francs are benefiting from a rise amounting to 100 francs per month. The remaining employees are receiving individual, performance-based wage increases, for which 1% of the total payroll is available. With these pay rises – which members of the Executive Committee and senior management have agreed to waive – Coop is setting a reliable signal in a highly competitive environment and is boosting its employees’ purchasing power. In addition, it is continuing to systematically improve the lower pay segments in which particularly large numbers of female staff are employed.

### Headcount

#### Restructurings lead to drop in headcount

At the end of 2005, 2,242 fewer staff were employed at Coop than in the previous year. The fall of 4.8% in Coop’s headcount was due on the one hand to the closure of a number of former EPA stores, further simplification of processes and the introduction of new IT systems. On the other hand, the more difficult market situation meant that Coop had to review and adapt all areas of personnel

costs. The jobs cutback was achieved largely by natural fluctuation, with some departing employees in all sales regions and in administrative departments and distribution centres not being replaced.

### Training

#### Coop creates new traineeships

Every year, Coop invests about 1% of net sales in training. The Group currently employs a good 2,000 trainees and is continuing to create new traineeships, with a total of 500 new positions being planned by the end of 2008. Alone in the year under review, Coop concluded approximately 100 additional new traineeship agreements with young people, compared with the previous year. However, it is becoming increasingly difficult for training-managers in the sales regions to find applicants who meet the traineeship requirements, and therefore each year ends with some positions still vacant. The fact that over 90% of trainees stay with the Group after completing their training shows how attractive such positions are at Coop. Wherever possible, Coop offers trainees a job on completion of their training.

#### 700 young people started their new sales traineeships

In summer 2005, a good 700 trainees at Coop started their “Verkauf.CH” basic sales traineeship. They will qualify either as a certified “retail assistant” after a two-year training period and/or as a “retail specialist” after three years of training. The experience gained to date has been good, with training in retail sales becoming more demanding but also more practice-based as a result of the reform. The training involves cross-store courses with trainees from other operations and opens up new opportunities for personal development, including studying for the vocational school-leaving certificate and ultimately even for a degree in retail business management at a university of applied sciences. Thus the new traineeship also aims to improve the image of

the sales professions. A special and, for Coop, new feature of the course is that the future retail specialists will complete part of their second year of training at another store.

### Corporate culture

#### Coop Forte magazine

With a circulation of 60,000, six issues a year and six different regional editions, the Coop Forte staff magazine reaches all employees and pensioners of the Coop Group. In 2005, the staff magazine was given a new look and new sections. The revamped Coop Forte magazine has become more interactive and the focus is increasingly being put on the readers, who can express their views, contribute personally to the sections and take part in different competitions or employee activities. Because the magazine, which the employee receives at home, is the only means by which all staff can be kept fully informed on developments within the Group, Coop continues to regard it as indispensable.

#### Health begins on the stairs

Health is a mission goal in Coop's corporate profile and thus one of its most important concerns as an employer. "I feel great" is a project run by the Zentralschweiz-Zürich Sales Region which sets out to sensitize employees to the topic of health and promotion of health and, more specifically, to reduce rates of sickness and absenteeism. These goals are met by the provision of information, for instance at a seminar dealing with nutrition, or with flyers that describe the right way to sit at the workplace and what physical exercises can be done while seated. The project also focuses on specific activities: an alternating series of "I feel great" menus in the staff restaurant, the regular distribution of water and fruit, non-smoker courses, health check-ups and concrete tips on physical activity that can be integrated into everyday life, for instance using the stairs instead of the lift. The successes have

been both tangible and measurable: After two years the absentee rate improved by one percentage point.

#### Work/life balance at the heart of management development

Coop's long-term continuing-education strategy has three main thrusts: staff development, management development and organizational development. Coop's entire programme of training and continuing education courses comprises over 60,000 participant days per year. A part of these is dedicated to management development, e.g. "Coop Leadership". The goal of this corporate culture-oriented continuing education of senior management is to underpin a shared perception of what management entails. The focus in the first part was on shared management principles. Most of the second part was conducted in 2005 and completed in spring 2006. The overriding theme for the participants was the work/life balance, for instance issues such as how they can best deploy their personal resources or those of their team or how they can strengthen their "recovery competence" as a basis for sustainable performance.

#### Pension fund

##### CPV: Insurance Regulations adapted to revised BVG law

With its 2005 Insurance Regulations, the CPV/CAP (pension fund organization of the Coop Group) smoothly incorporated the changes necessitated directly or indirectly by the first two stages of the revision of the Swiss Federal Law on Occupational Pensions (BVG).

An asset liability management study carried out by Ecofin AG resulted in a change to the Group's investment regulations. The change was designed primarily to enable the Group's investment policy to take account of the CPV/CAP's risk tolerance, which has come under pressure in recent years. The newly appointed investment committee will gradually implement the new investment strategy. Developments in the financial markets had a positive



effect on income from assets, making it again possible to create fluctuation reserves amounting to 410 million francs. With a view to strengthening the CPV/CAP's provisions and fluctuation reserves, the Board of Directors decided to leave the interest on retirement savings capital on which the insured active members' benefits are based at 2.75% and not to raise current pensions at the beginning of 2006. At the end of 2005, the collective members Bank Coop AG, Novae SA and the Topwell-Apotheke AG in Winterthur left the CPV/CAP, resulting in a slight fall in the number of insured active members compared with 2004. The number of disability pensions increased again in 2005.



## Coop is improving its logistic processes both nationwide and regionally.

The commissioning of the new distribution centre in Aclens in 2006 will mark the final stage in the implementation of its Logistics Strategy. The Zentralschweiz-Zürich Logistics Region will concentrate its logistics locations. Production processes at the bakeries are once more state of the art.

### Logistics and IT

#### Implementing the Logistics Strategy nationwide ...

Nationwide, Coop has almost completed the implementation of the Logistics Strategy initiated five years ago as a major component of the CoopForte merger project. Related construction projects are in progress and will come on stream in 2006 as scheduled. The Strategy envisages concentrating the intermediate storage of a large part of the Coop range in seven national distribution centres, while regional distribution centres will supply the sales regions with fresh products and specific fast-turnover items.

The national distribution centres are located in Wangen (non-food, food-related hard goods), Pratteln (wine, beer, spirits, raw materials, imported food-related hard goods), Hinwil and Givisiez (frozen products), Gwatt (Building & Hobby), Schafisheim (Coop Pronto) and Rapperswil (Coop City). The largest distribution centre by far, Wangen, is still being remodelled and expanded. When completed (2006), it will have the capacity to handle 3,500 pallets a day.

#### ... and making further changes in the regions

Alongside the nationwide implementation of the national Logistics Strategy, the logistics regions, which are geographically identical with the sales regions, have also undergone various process optimizations in the form of concentration in the last five years. Only the situation in the Suisse Romande Logistics Region awaits restructuring; there, the new distribution centre in Aclens is still under construction, and commissioning is scheduled for the late summer of 2006. When this centre comes on stream, all logistics activities in Western Switzerland will be concentrated on the Lausanne area, and five smaller distribution centres can be closed.

Further changes will be made in the Zentralschweiz-Zürich Logistics Region: Following the sale of the Zurich Turbinenstrasse distribution centre, Coop will merge its

two distribution centres in Zurich and Kriens to form a new facility which will be located in Dietikon. Planning is in progress for this important step, which is scheduled for 2007.

#### IT: greater efficiency thanks to an electronic voice

To make logistics processes in the different distribution centres even faster, more reliable and more cost-effective, Coop is introducing SAP and WAMAS software for supply chain and warehouse management. It is also further expanding the use of EDI (Electronic Data Interchange). Coop provides its business partners free of charge with an online EDI solution for sending orders, order confirmations and dispatch advice data electronically. With these two technical innovations, Coop has created the conditions under which the entire chain of processes – from delivery by the supplier to order picking at the distribution centre and sale at the store – can be effected without the use of paper, without errors and with the utmost efficiency. The nationwide application of WAMAS in all distribution centres is scheduled for completion in 2006.

An important function of WAMAS is to support order picking at the distribution centres, i.e. preparing the ordered items for delivery. In Zurich and Pratteln, warehouse staff now receive support from the "Pick by Voice" system when picking articles and no longer need to rely, as before, on order slips and printed confirmations. Under the new system, they receive instructions on the order from an electronic voice via headphones and they confirm execution of the order over a microphone. Under this system, the order pickers have both hands free for their work, which becomes more efficient, less stressful and more reliable.

#### Quality standards in the bakeries

Developments in the logistics organization have been paralleled by changes in the bakeries. All bakery plants

have installed an SAP-based standard production, planning and control system. Coop remodelled the Panofina industrial bakery in Wallisellen, investing over 10 million francs to bring it up to the latest standards. In spring 2005, production of frozen-dough products was transferred from the regional Coop bakeries to the HiCoPain bakery in Dagmersellen. HiCoPain AG was founded by Coop and Hiestand AG as a joint subsidiary. A new bakery is being integrated into the Aclens distribution centre to serve the Suisse Romande Logistics Region. Along with the new distribution centre, it will be inaugurated in late summer 2006. Coop bakeries, too, are making progress in their efforts to achieve certification in accordance with international standards: After the comprehensive development of quality management in accordance with ISO 9001:2000, preparations are now underway for IFS (International Food Safety Standard) certification.

#### **Bell Group**

##### **Difficult market conditions for poultry**

In 2005, the Bell Group posted sales of 1.45 billion francs, 4.7% below the year-back figure. The fall was due primarily to the outsourcing of Bell Gastro Service and its integration into transGourmet Holding AG. Factoring this in, sales were about the same as in the previous year. The downturn in the company's business in the first half of 2005 was made good in the second half of the year. Thus, the earnings of 36 million francs were also comparable with the previous year's result. Over and above the decline in consumption and the fierce price competition, more difficult market conditions caused problems for the poultry sector in particular: The partial auctioning of import rights for poultry created a much greater than expected gap between the price of domestic and imported cuts. In addition, sales slumped in some cases by as much as 30% as a result of the intensive public discussion of avian flu in autumn. In view of the

growing liberalization of meat imports, Bell advocates further liberalization of the Swiss market and of simplification of production conditions – also in the context of Agricultural Policy 2011.

In the year under review, Bell continued to implement its Location Strategy in the fresh-meat sector. To this end, it closed down the production plants in Lyss and Hinwil and concentrated their activities at the existing Oensingen facility.

#### **Coop's manufacturing companies**

Coop's production companies have been integrated into the Coop Group as divisions. They are accountable to the Logistics/IT/Production Business Unit and are operated as profit centres. They supply various Coop sales channels but also other customers.

#### **Swissmill**

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

Swissmill further increased volume-based output in 2005, to over 200,000 tonnes. Competence was further expanded, particularly in the flour mixtures and baking mixes that now account for a major part of sales.

#### **Chocolats Halba**

(Products: chocolate bars, chocolates, festive assortments, chocolate for industrial purposes, such as couverture or fillings. Certifications: ISO 9001:2000, ISO 14001, IFS)

The year was marked by further increases in prices for hazelnuts and cocoa-beans. Investment was focused largely on renewing the cocoa-solids, roasting and nut-processing plant.

**Nutrex**

(Products: vinegar and vinegar specialities for retailing and industry. Certifications: ISO 9001:2000, IFS)  
 Customs duties on vinegar were dismantled in the year under review, but cider and alcohol, important raw materials in vinegar production, are still subject to duties. Despite price distortions due to this partial liberalization, Nutrex maintained its good position in the vinegar market.

**CWK**

(Products: cosmetics, household cleaning products, industrial cleaners. Certification: ISO 9001:2000)  
 Annual output increased by 6.4% in 2005. Sherpa Tensing sun block further expanded its market position. Sherpa Tensing became a sponsorship partner of Swiss Olympic. CWK further increased its exports in the year under review.

**Pasta Gala**

(Products: pasta, semi-finished products for ready-made meals and soups. Certifications: ISO 9001:2000, IFS)  
 After an initial sales downturn due to difficult market conditions, Pasta Gala made up for this setback in the second half of the year. The automated high-rise warehouse came on stream in December 2005 and the IT system was renewed throughout the company. Pasta Gala marked a milestone in its quality-management policy when it was awarded IFS certification in May.

**Steinfels Cleaning Systems**

(Products: detergents and cleaning products for bulk users, site/building cleaning, consulting. Certification: ISO 9001:2000)  
 In the healthcare (nursing homes and hospitals) customer segments, SCS achieved above-average growth rates. Sales of ecological products continued to rise and now account for about 23% of the company's total sales.

**Reismühle Brunnen**

(Products: different varieties of rice, rice blends. Certifications: ISO 9001:2000, ISO 14001, SA 8000, IFS/BRC)  
 In the year under review, Reismühle Brunnen gained new customers among Swiss retailers and in the catering sector, thereby further expanding its position in its market segment. An important advance was made in quality management when the company was certified to the ISO 14001 environmental standard in late summer 2005.

**Sunray**

Coop Primary-Materials Purchasing was merged in January 2005 with the Production Department of the National Logistics Centre in Pratteln to form a single division. It now operates under the name of Sunray and it purchases, processes and packages primary materials such as sugar, edible oils, baking and dessert products, spices, dried fruit and nut kernels for sale to Coop or other industrial and retail customers. The division processes 125,000 tonnes of products per year and generates sales amounting to 218 million francs. In the field of quality assurance, Sunray added IFS certification to the ISO 9001:2000 certificate it had already been awarded.

**Transport****Euro 5 engines: more eco-efficient and economical**

In 2005, Coop further increased the share of rail traffic in the transport of goods from the two national distribution centres in Wangen and Pratteln to the regional distribution centres. This trend will continue in 2006 as further merchandise categories are transferred to Wangen and more traffic is shifted from road to rail. Even after the restructuring of its services, the Swiss railways' freight subsidiary SBB Cargo will continue to serve all relevant Coop locations. Thanks to Coop's new distribution centre in Aclens, a new railway station is being built.

Specific fuel consumption of Coop vehicles fell by around 4% in the year under review. Coop had already purchased 30 trucks with Euro 5 engines. Because these are the only engines fitted with the economical SRC technology, Coop is introducing this model right away and bypassing the Euro 4 standard. The new engines are cleaner and – a new feature – much more economical: They emit 60% less nitrogen oxide and 80% less particulates. Driving technique can also have a positive impact on the environment. Coop is therefore implementing Eco-Drive courses for all its drivers, over 100 of whom benefited in the year under review from this environmentally friendly approach to driving.

### Logistics and the environment

#### Energy consumption moving in the right direction

In the 2004/2005 energy year, the absolute figures for consumption of electricity and of energy for heating purposes in the distribution centres and production plants fell, as did CO<sub>2</sub> emissions.

The fall of about 10% in the production plants meant that the provisional goal for CO<sub>2</sub> emissions set in the target agreements with the Confederation was more than met.

In some plants the decline in consumption was partly due to reductions in production output. Panofina industrial bakery, on the other hand, improved its energy efficiency by installing a new baking plant and massively reducing its frozen-products segment, resulting in an 18% reduction in CO<sub>2</sub> emissions and savings of 5% in electricity consumption.

The overall fall in CO<sub>2</sub> emissions at the distribution centres was a very satisfactory 14%, putting them also on course to achieve their targets. This was due primarily to service adjustments and optimization of systems and logistics processes, which will continue in the years to come as a result of the mergers taking place in the Suisse Romande and Zentralschweiz-Zürich regions.

In the last two years, the production plants and distribution centres have been making increasing use of “green electricity”, which is obtained largely from hydropower and delivered under the “nature made star” eco-label by Rätia Energie. In the 2003–2008 period, green electricity is to account for a good 10% of overall electricity consumption at the distribution centres, production plants and administration buildings.

#### Further rise in recycling quota

The recycling quota at the production plants showed a further rise to almost 80% in the year under review, with just under three-quarters of the recycled waste going to animal feed. The recycling quota at distribution centres, including returns from sales outlets, rose 5% to 62%, with 50% more plastic foil, cardboard and paper being recycled. The proportion of organic waste being recycled for animal feed also increased, though at the expense of fermentation and composting.

### Property

#### Property Business Unit: three new shopping centres

The Property Business Unit manages Coop's entire property portfolio in the interests of the Group's core business and is responsible in particular for functions such as project development, building management, contract management and portfolio optimization. The Property Business Unit is also responsible for running a wide range of shopping centres comprising not only Coop sales outlets but also other businesses as tenants. In the year under review, the shopping centres Aarepark in Würenlingen, Wankdorf Center in Berne and Les Entilles in La Chaux-de-Fonds opened their doors to the public. At the end of 2005, Coop was managing seven large and 21 medium-sized centres located throughout Switzerland. Five projects were under construction, the largest being at the La Maladière stadium in Neuchâtel. As part of its divestment strategy, the Property Business

Unit sold over 150 properties that were not needed for its business operations. By focusing in the long term on properties required for its operations, Coop frees up financial resources that it can invest in refurbishing existing sales outlets or in building new ones.





**For leisure time.**



For what's serious.



**For what's fun.**

**Married couple Anna and Ernst Wachsmuth from Binningen (Basel-Land).**

“Since retiring, my husband and I spend every free minute in our garden.  
Except when we’re at Coop Building & Hobby.”



## Coop takes its responsibilities towards the environment and society seriously.

Through its commitment to society, Coop supported the valuable work of many social organizations. The latest project backed by the Coop Naturaplan Fund promotes the installation of 50 biogas plants in the Swiss farming community – a contribution to conserving resources and protecting the environment.

### Sustainability

#### Regular reporting on sustainability

Coop's first Sustainability Report was published in 2004. It provides a broad insight into the economic, ecological and social achievements of the Coop Group. In February 2005, Coop was awarded first prize for the best sustainability report by "öbu", the Swiss Association for Ecologically Aware Company Management. The next full report on sustainability will be published in 2007. Coop also publishes an annual brochure and online information on its key environmental data and its flagship labels.

#### Coop tops sustainability ratings

In February 2006, the WWF and the "Vier Pfoten" animal welfare organization presented Coop with the Golden Shopping Basket for the best performance in the field of sustainability. For the first time, the two organizations examined Switzerland's eight biggest sales-based retailers for their efforts to promote sustainability. Their performance in relation to product range and the performance of the company as a whole to promote environmental thinking, animal welfare and social responsibility were rated on the basis of 65 different criteria. The aim of the ranking is to identify the concrete sustainability achievements of Swiss retailers and thus make comparisons easier for the consumer.

Coop not only topped the overall ranking but also won the award for the most sustainable product range. Coop rates this result as further confirmation of the many years it has devoted to developing its flagship labels and of its efforts to incorporate ecological, ethical and social considerations into its offering as a whole. Coop will continue to operate according to the maxim that long-term success in the markets is possible only with sustainable products and services.

### Coop Naturaplan Fund

#### Wide range of projects enjoying Coop's support

The Coop Naturaplan Fund was set up in 2003 to mark the "10 Years of Coop Naturaplan" anniversary. It reflects Coop's commitment to the well-being of the environment, people and animals. Coop supports projects with a sustainability dimension to the tune of 10 million Swiss francs each year for a period of at least 10 years. Half the money is devoted to projects and activities that promise direct medium or long-term benefit to consumers, producers and Coop itself. The other half goes to projects of a purely developmental nature. A new feature is that the fund will, on request, support not only large projects but also more modestly-scaled yet effective schemes. The following organizations and projects were among those benefiting from a contribution from Coop Naturaplan Fund in 2005:

#### bioRe Foundation

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

#### BIO SUISSE

"planète bio Suisse" – an experience world for school classes and youth groups on organic farms. Group activities that promote a better understanding of organic farming.

#### Naturland – Association for Organic Agriculture (Germany)

Development of scientific bases for organic aquaculture, antibiotic-free prevention/treatment methods and preservative-free food processing.

#### **Swiss National Park**

Coop gift to Switzerland – support for the construction of a new visitor and information centre in Zernez.

#### **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 production and the cultivation of varieties of organic wheat and organic spelt. Launch of bread made from Sativa cereals sold under the organic bud label.

Coop Naturaplan Fund also now supports the following two projects:

#### **Naturaplan\_Biogas50: energy from farming**

Liquid fermentation of agricultural waste produces biogas that is converted to electricity and heat in combined heat and power plants. It puts farms with access to large enough community facilities in a position to produce energy at a competitive price. Coop has already provided support for the installation of a community biogas plant operated by Coop Naturaplan producers in Altshofen, which now serves a model for other Naturaplan farm projects.

Coop Naturaplan Fund will now devote additional resources to replicating this model project elsewhere: Over a period of three years, Coop will support the installation of 50 community biogas plants with start-up funding. The developer of the plant will in each case be a Coop Naturaplan producer and at least 65% of the farmyard manure used must come from Naturaplan farms. The project is based on cooperation between Coop and the Swiss Federal Energy Office. Its target is to have at least 10% of Coop Naturaplan farms recycle their farmyard

manure in a biogas plant by 2008. This would keep 7,500 households supplied with electricity. It would also make a substantial contribution towards reducing the problem of slurry run-off, i.e. the pollution of soil, waterways and air as a result of animal husbandry.

#### **Cudrefin.02 Foundation/noW future! – Young people shape the future**

School classes can spend “future weeks” in Cudrefin on the Lake of Neuchâtel where they learn by different means to shape the future in a wide range of thematic areas. The process is practical and realistic, and is guided by the principle of “thinking – acting – impacting”. The young participants and other partner organizations cooperate in developing “future modules” on different subjects. These modules consist of games and experiments, but also contain professional input. The topics concern areas such as nutrition, consumption/trade, energy, building/living or mobility. In the course of the week, the young people learn about planning and implementing a “future project” of their own which they go on to realize in the areas where they live. The noW future! programme publishes documentation on the projects on a website. Once a year, the projects submitted are judged and then presented at a “future day” to a wider public and national decision-makers.

The Cudrefin.02 Foundation is backed by two foundations, the Zukunftsrat (Future Council) and the Pfadiheim Schweiz (a group associated with the Swiss scouting movement), and by Greenpeace Switzerland’s solar energy project for young people. Coop will back Cudrefin.02 for four years, after which time the project should be self-supporting and able to survive on its own.

Further information on Coop Naturaplan Fund is available at [www.coop.ch/naturaplan-fonds](http://www.coop.ch/naturaplan-fonds)

### Social commitment

#### Coop Sponsorship for Mountain Regions: self-help projects in the Solothurn Jura mountains

Coop Sponsorship for Mountain Regions is a cooperative society set up to assist upland farmers by providing residual financing for building projects. Since Coop pays the operating costs of Coop Sponsorship, every franc donated benefits Switzerland's mountain farmers in full. In 2005, Coop Sponsorship received donations to the value of 3.0 million francs. The takings from Coop's traditional Swiss National Day "Weggen" campaign (involving the symbolic donation of a loaf of bread on 1 August) were passed on to four self-help projects in the Jura Mountains in the canton of Solothurn.

#### Emergency relief after storms and natural catastrophes

Coop has been providing unbureaucratic help for people in need for many years. It donated 300,000 francs for relief efforts after the tsunami catastrophe in South-eastern Asia. It provided support to the value of 300,000 francs to victims of the August storms in Switzerland, two-thirds of it through Coop Sponsorship for Mountain Regions and one-third through Swiss Solidarity's fundraising efforts. Coop also donated 150,000 francs to the Swiss Red Cross after the disastrous earthquake in Pakistan.

#### A bridge between excess and scarcity

The two charitable groups "Table Be Set" and "Swiss Tables" are bridging the gap between excess and scarcity: Jobless people from employment programmes and volunteers from both organizations go to retail stores every day and collect excellent-quality food that has passed its sell-by, but not its use-by, date. "Table Be Set" passes on the food collected directly to people in need. "Swiss Tables" distributes it free to welfare institutions such as emergency shelters, charitable organizations, soup kitchens and accommodation for the homeless.

In 2005, Coop supported the two groups to the tune of 250,000 francs each as well as with food. Large Coop stores participate in the schemes wherever the two groups are active. Thanks to Coop, "Swiss Tables" and "Table Be Set" can extend their activities to other Swiss cities.

### Arts and sports sponsorship

#### Auditorium in the Zentrum Paul Klee

June 2005 saw the inauguration of the centre dedicated to Paul Klee in Schöngrün, Berne. Besides accommodating spaces for the permanent collection and special exhibitions, the new centre, which was designed by Italian architect Renzo Piano, is also home to the "Crea-viva" children's museum and a generously proportioned auditorium that was financed by Coop. As a founding partner from the outset, Coop is actively involved in the Zentrum Paul Klee.

#### Fostering young sporting talent in the Year of Sport

In addition to its customary sponsorship of sport, Coop marked the International Year of Sport and Physical Education in 2005 by setting an example for the development of talented young sportsmen and sportswomen. Throughout one week in May and another in August, Coop donated 10% of the retail price of a range of articles to the Stiftung Schweizer Sporthilfe (foundation for the promotion of sport in Switzerland). The Foundation benefited to the value of 300,000 francs, which was spent entirely on projects aimed at promoting young sporting talent. In addition, Coop made a contribution to the United Nations Organization to support selected international sport and development projects.

#### Musicals: "Miss Saigon", "Cats" and "Mamma Mia"

With its sponsorship of the arts, Coop supports projects that appeal to a broad public, are unique and reflect the Group's corporate values. For example, the ever popular

musicals: For the third time now, Coop sponsored the production staged on the Seebühne built over the lake in Thun. A large ensemble of lay artists performed the musical “Miss Saigon”, a love story set during the Vietnam War. Another musical, “Cats”, was staged in Basel in the autumn, also with Coop as the main sponsor, and it delighted many children as well as adults. The highlight of the year was the December production of “Mamma Mia”, the Abba musical performed in Zurich’s new indoor stadium.

### **Horses and artistry in Avenches**

A further highlight of Coop’s cultural sponsorship was the “Lougta, the Wind Horses” show performed by the French equestrian and dance ensemble “Zingaro” at the National Equestrian Institute in Avenches. Every evening for a month in summer 2005, the audience was transported by the riders and horses to the exotic world of an early Tibetan province in the remote North-east of India where it thrilled to a spectacular blend of exquisite equestrian skills and breathtaking human and animal artistry.

### **Traditional sports events in summer and winter**

Coop concentrates its sport sponsorship on cross-country skiing and beach volleyball. The main beneficiaries of this commitment are the annual Engadine Ski Marathon and the Coop City Sprints, as well as the Coop Beachtour, which travels the length and breadth of Switzerland every year. Coop also supports many different kinds of mass-sport events. The best known and probably also the most beautiful and the toughest is the Swiss Alpine Marathon, which attracts countless endurance athletes to the Davos region in early summer.



**For the spur  
of the moment.**



For frozen food.



For hardcore gamers.

**Students sharing a flat in St. Gallen.**

“Shopping is a real pain for us. But when we forget something, Coop Pronto is a real plus.”



## Coop keeps its management structure geared to new challenges and goals.

As a consequence of the revision of the Articles of Association agreed in connection with the CoopForte merger project, the Board of Directors was reduced from latterly 17 members to 9. In addition, Coop integrated the Retail Companies Business Unit into the Trading Business Unit.

### Coop takes trust seriously

In the following report on corporate governance, Coop wishes to provide clear information and the greatest possible transparency to all groups interested in the company. Coop takes the trust that its stakeholders place in the company very seriously. These stakeholders include the members as the base, the employees as human capital, the banks as providers of financial capital, the suppliers as business partners and the state as the legislative and controlling authorities. The most important stakeholders are and will remain the customers. It is their trust that enables a responsible, long-term business policy to be pursued and thus the success of Coop to be secured. For this reason, Coop voluntarily applies the provisions of the Swiss Federal Stock Exchange Law and largely follows the guidelines of the SWX Swiss Exchange on corporate governance. These have been in effect since 2002 for joint-stock companies and companies that have issued participation certificates or non-voting dividend rights certificates, which does not apply to Coop as a cooperative society. The only company in the Coop Group that has issued SWX-listed equities is Bell Holding AG. Specific details on this company's corporate governance may be found in its annual report and at its website, [www.bell.ch](http://www.bell.ch)

### Group structure

The Group structure can be seen in the list of Coop companies provided in the consolidated annual accounts (page 109). Changes in the consolidated Coop companies can be found on page 98. There are no crossholdings between Coop companies.

### Capital structure

The capital structure can be seen in the consolidated balance sheet (page 93) and the notes to the consolidated balance sheet (pages 101–105).

### Board of Directors

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

At the end of the 2001–2005 term of office, the following members stepped down from the Board of Directors on 29 April 2005: Jean-Claude Badoux, Paul Flubacher, Edgar Hofer, Walter Holderegger, Hansjürg Käser, Lillia Rebsamen, Eric Santschy, Gianpiero Storelli and Felix Truffer. The remaining members were confirmed in the election of the entire Board of Directors for the 2005–2009 term of office. Beth Krasna was newly elected at the Delegate Assembly of 29 April 2005.

The reduction from latterly 17 members to 9 is a consequence of the expiry of the transitional provisions in Coop's Articles of Association which, following the merger of the 14 regional cooperative societies and Coop Switzerland, were valid until 2005.

Since 1 January 2006, the Board of Directors is now constituted as follows:

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#### Anton Felder

Born 1948. Swiss.

**Swiss diploma in accounting and controlling**

**Full-time Chairman of the Board of Directors of Coop**

Directorships:

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

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#### Stefan Baumberger

Born 1948. Swiss.

**Dipl. Chem. HTL**

**Managing Director, Hänseler AG, Herisau**

Directorships:

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

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#### Silvio Bircher

Born 1945. Swiss.

**Lic. rer. publ. HSG**

**Consultant and publicist**

**Former govt. and national councillor**

Directorship:

- Coop Immobilien AG, Berne

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#### Diego Giulieri

Born 1941. Swiss.

**Lic. oec. HSG**

**Retired bank director**

Directorship:

- Coop Immobilien AG, Berne

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#### Felix Halmer

Born 1952. Swiss.

**Commercial employee**

**Buyer**

**Employee representative on the Board of Directors**

Directorship:

- Coop Immobilien AG, Berne

Other functions and offices:

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

---

**Irene Kaufmann**

Born 1955. Swiss.

**Dr. oec. publ.**

**Corporate consultant**

**Vice Chairwoman of the Board of Directors**

Directorships:

- Bank Coop AG, Basel
- Coop Immobilien AG, Berne

Other functions and offices:

- Member of the Foundation Board of Juventus Schools, Zurich

---

**Beth Krasna**

Born 1953. Swiss and US citizen.

**Dipl. Chem. Ing. ETH**

Directorships:

- Coop Immobilien AG, Berne
- Chailléry SA, Lausanne
- Raymond Weil SA, Grand-Lancy
- Banque Cantonale Vaudoise, Lausanne

Other functions and offices:

- Member of ETH Board

---

**Jean-Charles Roguet**

Born 1942. Swiss.

**Lawyer**

**Partner, Pestalozzi, Lachenal & Patry, Geneva**

Directorships:

- Coop Immobilien AG, Berne
- Arn, Wüthrich et Frigerio SA, Geneva
- ATC Aviation Services AG, Opfikon
- Coges Corratierie Gestion SA, Geneva
- COGIN Compagnie de Gestion Internationale SA, Geneva
- Dipan SA, Carouge
- Ferrier Lullin & Cie SA, Geneva
- Finasma Financial Asset Management SA, Cologny
- IPE Investors in Private Equity SA, Geneva
- Kessler Gestion SA, Geneva
- Mirrair Holding AG, Zug
- Label Communication SA, Geneva
- Label Technologies SA, Geneva
- R.E.V.-Onyx Suisse AG, Berne
- Publipartner SA, Plan-les-Ouates
- Puig SA, Fribourg
- Sarp Industries (Suisse) SA, Geneva
- Tech Value SA, Geneva

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**Giusep Valaulta**

Born 1951. Swiss.

**Lic. iur.**

Directorship:

- Coop Immobilien AG, Berne

#### **Election and term of office of the Board of Directors**

The members of the Board of Directors are elected by the Delegate Assembly in accordance with the principles set out in Article 27 of the Articles of Association. The term of office for all members is four years; the current term of office ends in February 2009. The Articles of Association do not place any limits on re-election, but do place restrictions on the age of members (members must retire at the end of the year in which they celebrate their 65th birthday).

#### **Internal organization**

The Board of Directors has 9 members at present. Since the beginning of the new term of office, the Articles of Association limit the number of seats on the Board of Directors to a maximum of 11 and no longer envisage the appointment of a Board Committee. The members assume equal responsibility for exercising the functions of the Board of Directors.

#### **Regulation of responsibilities**

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

#### **Instruments of information and control over the Executive Committee**

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

#### **Instruments of supervision and control over the auditors**

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



### Executive Committee

See Management structure and Management on pages 115–117.

Christoph Clavadetscher stepped down from the Executive Committee at the end of September 2005. As a consequence, the Retail Companies Business Unit was integrated into the Trading Business Unit. The new, enlarged Trading Business Unit is headed by Rudolf Burger, previously Head of the Retail Companies Business Unit. The Executive Committee has thus been reduced in size from 7 to 6 members.

---

### Hansueli Loosli

Born 1955. Swiss.

**Swiss diploma in accounting and controlling**

**Chief Executive Officer**

**Head of Retail Business Unit**

Directorships:

- Betty Bossi Verlag AG, Zurich
- Coopernic, Brussels
- transGourmet Holding AG, Basel (Chairman)
- further directorships of Coop subsidiaries

---

### Jörg Ackermann

Born 1958. Swiss.

**Graduate in business management (HWV)**

**Head of Logistics/IT/Manufacturing Business Unit**

**Vice Chairman of the Executive Committee**

Directorships:

- Bell Holding AG, Basel (Chairman)
- Eurogroup SA, Brussels (Chairman)
- Eurogroup Far East Ltd., Hongkong (Chairman)
- Toomax-x Handelsgesellschaft m.b.H., Cologne
- transGourmet Holding AG, Basel
- further directorships of Coop subsidiaries

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### Rudolf Burger

Born 1946. Swiss.

**Commercial specialist**

**Head of Trading Business Unit**

Directorships:

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

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**Jean-Marc Chapuis**

Born 1954. Swiss.

**Lic. ès sciences économiques et sociales**

**Head of Property Business Unit**

Directorship:

- various directorships of Coop subsidiaries

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**Jürg Peritz**

Born 1947. Swiss.

**Commercial specialist**

**Head of Marketing/Purchasing Business Unit**

Directorships:

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

---

**Hans Peter Schwarz**

Born 1950. Swiss.

**Swiss diploma in accounting and controlling**

**Head of Finance and Services Business Unit**

Directorships:

- Bank Coop AG, Basel
- Bell Holding AG, Basel
- Coop Mineraloel AG, Allschwil
- Coop Personalversicherung CPV/CAP, Basel
- Coop Vitality AG, Berne
- transGourmet Holding AG, Basel
- further directorships of Coop subsidiaries

**Management agreements**

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

### Remuneration

In 2005, the Board of Directors of Coop received an aggregate amount of 1.3 million Swiss francs in remuneration (2004: 1.3 million Swiss francs).

The gross salaries of Coop's Executive Committee totalled 3.5 million Swiss francs in 2005 (2004: 3.5 million Swiss francs).

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

### Rights of participation

The rights of participation are defined in Coop's Articles of Association.

### Auditors

#### Duration of mandate and term of office of lead auditor

PricewaterhouseCoopers (PWC) has been Coop's auditors since 1994. Dr. Rodolfo Gerber (head auditor) and Matthias Rist have been the responsible lead auditors since 2004 and 2005 respectively.

#### Auditing fee

The following auditing fees were billed for services performed for 2005:

- Auditing services: 1.7 million Swiss francs
- Other services: 250,000 Swiss francs

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

also include tasks, for instance the examination of one-off transactions, that are performed exclusively by the group auditors.

### Information policy

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



**For the whole  
village.**



For the sweets.

For the news.



**The Hasler family from Schwanden (Glarus).**

“For us Coop is really the heart of the place. We get the latest news from around the village and the children get the tastiest sweets.”





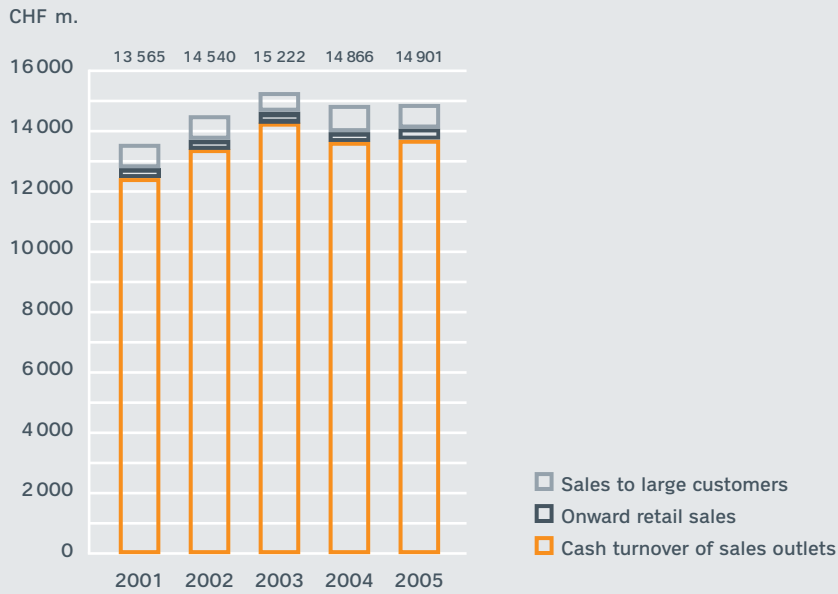
<b>Cash turnover / Direct sales</b>	<b>78</b>
<b>Retail turnover</b>	<b>79</b>
<b>Market shares</b>	<b>80</b>
<b>Sales outlets</b>	<b>81</b>
<b>Subsidiaries / Divisions / Bank loans</b>	<b>82</b>
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## Cash turnover / Direct sales

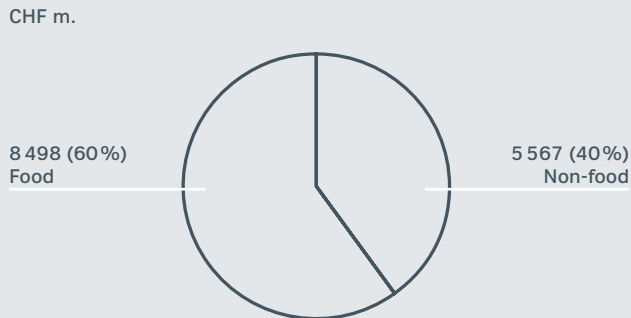
		CHF m.	CHF m.	Change		Change	
		2005	2004	CHF m.		%	
Supermarkets A	250–600 m <sup>2</sup>	3 497	3 516	–	19	–	0.5
Supermarkets B	800–1400 m <sup>2</sup>	2 787	2 781	+	6	+	0.2
Supermarkets C	1800–3000 m <sup>2</sup>	2 535	2 711	–	176	–	6.5
Supermarkets		8 818	9 008	–	189	–	2.1
Megastores	4 500–8 000 m <sup>2</sup>	678	570	+	108	+	18.9
Supermarkets/Megastores		9 497	9 578	–	81	–	0.8
Other		2	25	–	23	–	93.2
<b>Coop Retail</b>		<b>9 498</b>	<b>9 602</b>	<b>–</b>	<b>104</b>	<b>–</b>	<b>1.1</b>
Department Stores		938	1 089	–	151	–	13.9
Building & Hobby		633	619	+	14	+	2.3
Interdiscount		886	829	+	58	+	6.9
Toptip and Lumimart		245	250	–	4	–	1.8
Import Parfumerie		142	141	+	1	+	0.8
Other		3	5	–	2	–	34.0
<b>Coop Trading</b>		<b>2 848</b>	<b>2 933</b>	<b>–</b>	<b>85</b>	<b>–</b>	<b>2.9</b>
Hotels		30	30	+	1	+	2.5
<b>Coop</b>		<b>12 377</b>	<b>12 565</b>	<b>–</b>	<b>188</b>	<b>–</b>	<b>1.5</b>
Alcoba Distribution SA		78	79	–	1	–	0.8
Andréfleurs Assens SA			7	–	7	–	100.0
Bell Group (sales outlets)		15	17	–	2	–	10.2
Petrol stations		873	712	+	161	+	22.6
Coop Pronto at petrol stations		231	195	+	35	+	18.1
Coop Pronto stand-alone		86	55	+	31	+	56.3
Coop Mineraloel AG		1 190	962	+	227	+	23.6
Coop Vitality AG		31	20	+	11	+	56.1
<b>Cash turnover of sales outlets</b>		<b>13 690</b>	<b>13 649</b>	<b>+</b>	<b>41</b>	<b>+</b>	<b>0.3</b>
Remote ordering		25	16	+	9	+	57.2
Onward retail sales		351	319	+	32	+	10.0
<b>Retail turnover</b>		<b>14 065</b>	<b>13 983</b>	<b>+</b>	<b>82</b>	<b>+</b>	<b>0.6</b>
Sales to large customers		836	883	–	47	–	5.4
<b>Cash turnover/Direct sales</b>		<b>14 901</b>	<b>14 866</b>	<b>+</b>	<b>35</b>	<b>+</b>	<b>0.2</b>

## Cash turnover / Direct sales / Retail turnover

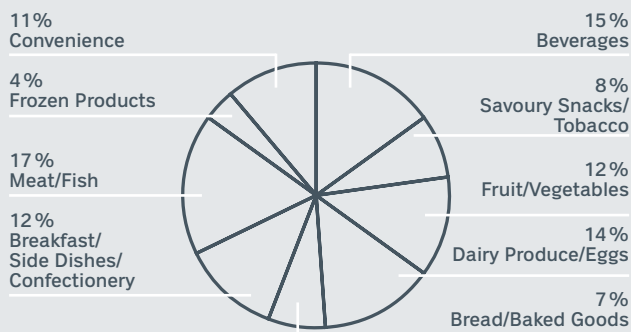
### Cash turnover / Direct sales



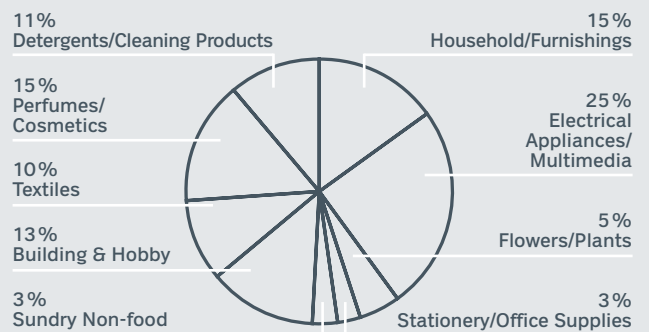
### Retail turnover by main categories



#### Food

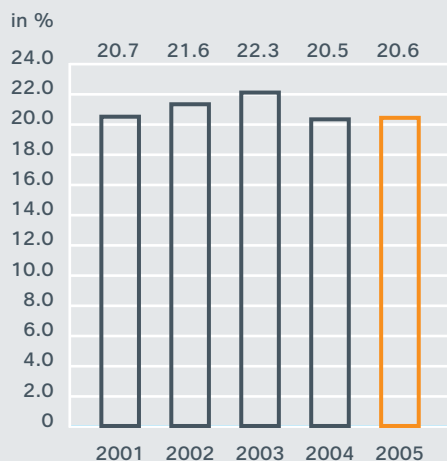


#### Non-food

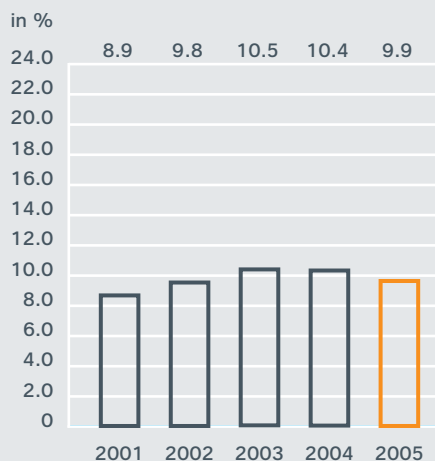


## Market shares

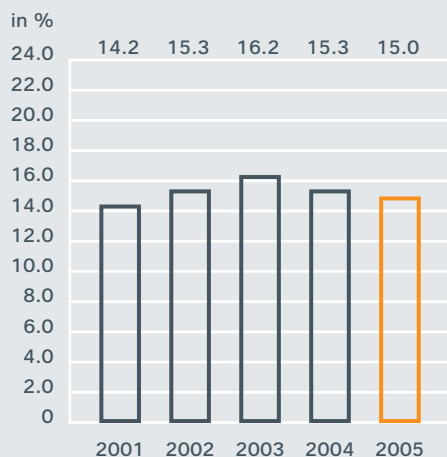
## Food



## Non-food



## Coop Group



	CHF m. 2001	CHF m. 2002	CHF m. 2003	CHF m. 2004	CHF m. 2005
Retail turnover	12 453	13 536	14 396	13 983	14 065
Minus petrol stations, fuels	585	603	723	845	1 036
<b>Retail trade turnover for market shares</b>	<b>11 868</b>	<b>12 933</b>	<b>13 673</b>	<b>13 138</b>	<b>13 029</b>
Market volume Food	39 090	39 565	40 593	41 324	41 332
Market volume Non-food	45 724	45 099	43 986	44 524	45 547
<b>Total volume acc. to BAK research<sup>1</sup></b>	<b>84 814</b>	<b>84 664</b>	<b>84 579</b>	<b>85 848</b>	<b>86 879</b>

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

## Sales outlets

	Sales outlets		Sales area		Cash turnover of sales outlets			
	Number as at 31.12		m <sup>2</sup> as at 31.12		CHF m.	CHF m.	%	Share %
	2005	2004	2005	2004	2005	2004		
Supermarkets A 250–600 m <sup>2</sup>	541	555	285 954	294 274	3 497	3 516	– 0.5	25.5
Supermarkets B 800–1400 m <sup>2</sup>	166	156	243 010	233 728	2 787	2 781	+ 0.2	20.4
Supermarkets C 1800–3000 m <sup>2</sup>	84	81	242 092	233 308	2 535	2 711	– 6.5	18.5
Supermarkets	791	792	771 056	761 310	8 818	9 008	– 2.1	64.4
Megastores 4500–8000 m <sup>2</sup>	13	12	71 058	65 140	678	570	+ 18.9	5.0
<b>Supermarkets/Megastores</b>	<b>804</b>	<b>804</b>	<b>842 114</b>	<b>826 450</b>	<b>9 497</b>	<b>9 578</b>	<b>– 0.8</b>	<b>69.4</b>
Other	1	5	290	1 665	2	25	– 93.2	0.0
<b>Coop Retail</b>	<b>805</b>	<b>809</b>	<b>842 404</b>	<b>828 115</b>	<b>9 498</b>	<b>9 602</b>	<b>– 1.1</b>	<b>69.4</b>
Department Stores <sup>1</sup>	33	44	137 877	164 639	938	1 089	– 13.9	6.9
Building & Hobby	67	63	260 795	239 534	633	619	+ 2.3	4.6
Interdiscount	174	174	57 715	48 271	886	829	+ 6.9	6.5
Toptip and Lumimart	58	61	143 587	149 111	245	250	– 1.8	1.8
Import Parfumerie	86	87	8 722	8 809	142	141	+ 0.8	1.0
Other	1	1	292	292	3	5	– 34.0	0.0
<b>Coop Trading<sup>1</sup></b>	<b>419</b>	<b>430</b>	<b>608 988</b>	<b>610 656</b>	<b>2 848</b>	<b>2 933</b>	<b>– 2.9</b>	<b>20.8</b>
Hotels	3	3			30	30	+ 2.5	0.2
<b>Coop<sup>1</sup></b>	<b>1 227</b>	<b>1 242</b>	<b>1 451 392</b>	<b>1 438 771</b>	<b>12 377</b>	<b>12 565</b>	<b>– 1.5</b>	<b>90.4</b>
Alcoba Distribution SA	2	2	9 002	9 002	78	79	– 0.8	0.6
Andréfleurs Assens SA						7	–100.0	0.0
Bell Group (sales outlets)	22	23	751	801	15	17	– 10.2	0.1
Petrol stations	136	131			873	712	+ 22.6	6.4
Coop Pronto at petrol stations	(122)	(112)	10 326	9 246	231	195	+ 18.1	1.7
Coop Pronto stand-alone	31	24	4 646	3 383	86	55	+ 56.3	0.6
Coop Mineraloel AG	167	155	14 972	12 629	1 190	962	+ 23.6	8.7
Coop Vitality AG	19	11	4 790	2 867	31	20	+ 56.1	0.2
<b>Subsidiaries</b>	<b>210</b>	<b>191</b>	<b>29 515</b>	<b>25 299</b>	<b>1 313</b>	<b>1 084</b>	<b>+ 21.1</b>	<b>9.6</b>
<b>Sales outlets<sup>1</sup></b>	<b>1 437</b>	<b>1 433</b>	<b>1 480 907</b>	<b>1 464 070</b>	<b>13 690</b>	<b>13 649</b>	<b>+ 0.3</b>	<b>100.0</b>

<sup>1</sup> Sales area year-back figure adjusted

## Subsidiaries / Divisions / Bank loans

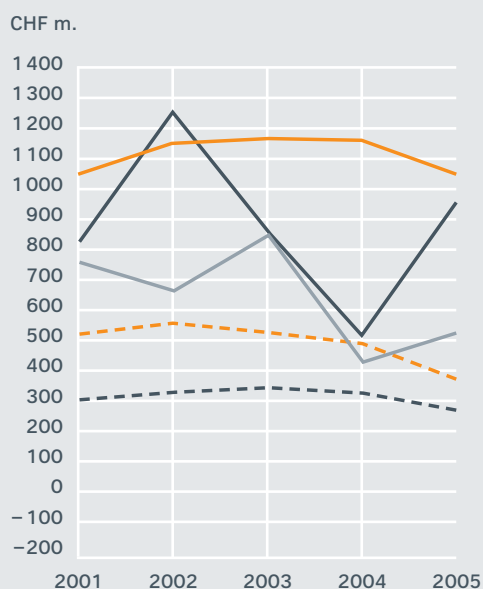
Subsidiaries	Net sales		Full-time employees	Share capital as at 31.12	
				Scope of consolidation	
	CHF m. 2005	CHF m. 2004	2005	CHF m. 2005	% 2005
Alcoba Distribution SA	69	70	173	4.7	50.0
Andréfleurs Assens SA		6			
Bell Group	1 453	1 525	3 146	2.0	60.5
Coop Training Centres in MuttENZ and Jongny	13	13	69	0.4	100.0
Coop Mineraloel AG	1 262	1 019	60	10.0	51.0
Coop Vitality AG	31	19	107	5.0	51.0
Fehr & Engeli AG		1			

Divisions	CHF m.	CHF m.	Change	Change
	2005	2004	CHF m.	%
Cash turnover	886	829	+ 58	+ 6.5
Onward retail sales	34	36	- 2	- 5.7
<b>Interdiscount Division</b>	<b>921</b>	<b>865</b>	<b>+ 56</b>	<b>+ 6.0</b>
Cash turnover Toptip	214	216	- 2	- 0.9
Cash turnover Lumimart	31	33	- 2	- 7.6
Onward retail sales		6	- 6	
<b>Toptip Division</b>	<b>245</b>	<b>255</b>	<b>- 10</b>	<b>- 4.1</b>
Cash turnover	142	141	+ 1	+ 0.9
Onward retail sales	1	0	+ 1	+ 0.0
<b>Import Parfumerie Division</b>	<b>143</b>	<b>141</b>	<b>+ 2</b>	<b>+ 1.5</b>

Bank loans as at 31.12	Credit line		Used		Unused credit line	
	2005	2004	2005	2004	2005	2004
Big banks	664	670	33	66	631	604
Cantonal banks	686	743	454	437	233	305
Regional banks	118	68	78	48	40	20
Bank Coop	110	98	69	55	41	43
Foreign banks in Switzerland	150	350	110	310	40	40
Foreign banks	350	195	248	163	101	32
<b>Banks</b>	<b>2 078</b>	<b>2 125</b>	<b>992</b>	<b>1 080</b>	<b>1 086</b>	<b>1 044</b>

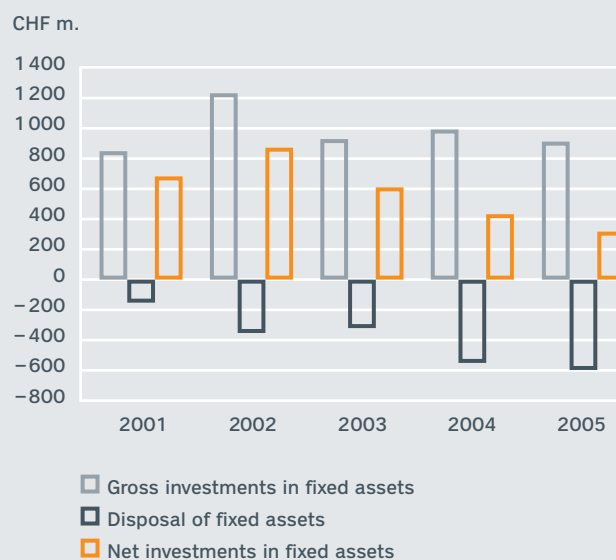
## Key financial data / Investments

### Key financial data



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

### Breakdown of net investments in fixed assets



- █ Gross investments in fixed assets
- █ Disposal of fixed assets
- █ Net investments in fixed assets

	CHF m.	CHF m.	CHF m.	CHF m.	CHF m.
	2001	2002	2003	2004	2005
Suisse Romande Region	246	203	146	130	140
Bern Region	85	162	123	135	174
Nordwestschweiz Region	269	519	384	344	351
Zentralschweiz-Zürich Region	141	175	113	274	172
Ostschweiz-Ticino Region	116	177	172	116	83
<b>Gross investments in fixed assets</b>	<b>856</b>	<b>1 236</b>	<b>938</b>	<b>998</b>	<b>919</b>
Disposal of fixed assets	- 167	- 360	- 327	- 559	- 599
<b>Net investments in fixed assets</b>	<b>689</b>	<b>876</b>	<b>611</b>	<b>439</b>	<b>320</b>
Net investments in participating interests/Financial investments	69	- 207	247	- 8	204
<b>Net investments</b>	<b>758</b>	<b>669</b>	<b>858</b>	<b>431</b>	<b>525</b>
<b>Operating cash flow (EBITDA)</b>	<b>1 066</b>	<b>1 151</b>	<b>1 177</b>	<b>1 171</b>	<b>1 066</b>
<b>Operating profit (EBIT)</b>	<b>521</b>	<b>563</b>	<b>531</b>	<b>491</b>	<b>385</b>
<b>Profit for the financial year</b>	<b>302</b>	<b>331</b>	<b>341</b>	<b>320</b>	<b>270</b>
<b>Cash flow from operating activities</b>	<b>832</b>	<b>1 255</b>	<b>864</b>	<b>512</b>	<b>957</b>

## Employees

	2005	2004	Change		%
SRE Suisse Romande	3 972	4 052	-	80	- 2.0
SRE Bern	3 061	3 211	-	150	- 4.7
SRE Nordwestschweiz	3 828	4 065	-	237	- 5.8
SRE Zentralschweiz-Zürich	4 270	4 534	-	264	- 5.8
SRE Ostschweiz-Ticino	4 090	4 318	-	228	- 5.3
Corporate Services Retail	72	76	-	4	- 4.9
<b>Retail</b>	<b>19 293</b>	<b>20 256</b>	-	<b>963</b>	- <b>4.8</b>
Department Stores	3 187	3 661	-	474	- 12.9
Building & Hobby	1 341	1 305	+	36	+ 2.7
Interdiscount	1 667	1 649	+	18	+ 1.1
Toptip and Lumimart	642	640	+	2	+ 0.3
Import Parfumerie	356	411	-	55	- 13.3
Corporate Services Trading	38	39	-	1	- 3.6
<b>Trading</b>	<b>7 231</b>	<b>7 705</b>	-	<b>474</b>	- <b>6.2</b>
Logistics	4 808	4 997	-	189	- 3.8
Manufacturing	597	631	-	34	- 5.3
Other corporate services/Property Business Unit	1 879	1 894	-	15	- 0.8
<b>Coop parent company</b>	<b>33 808</b>	<b>35 482</b>	-	<b>1 674</b>	- <b>4.7</b>
Bell Group	3 146	3 394	-	248	- 7.3
Coop Mineraloel AG	60	53	+	7	+ 14.2
Coop Vitality AG	107	74	+	33	+ 44.9
Other companies	249	290	-	41	- 14.0
<b>Full-time employees (incl. trainees)</b>	<b>37 370</b>	<b>39 292</b>	-	<b>1 922</b>	- <b>4.9</b>
SRE Suisse Romande	5 192	5 193	-	1	- 0.0
SRE Bern	4 241	4 297	-	56	- 1.3
SRE Nordwestschweiz	4 694	4 940	-	246	- 5.0
SRE Zentralschweiz-Zürich	5 445	6 061	-	616	- 10.2
SRE Ostschweiz-Ticino	5 192	5 473	-	281	- 5.1
Corporate Services Retail	72	76	-	4	- 5.3
<b>Retail</b>	<b>24 836</b>	<b>26 040</b>	-	<b>1 204</b>	- <b>4.6</b>
Department Stores	3 636	4 142	-	506	- 12.2
Building & Hobby	1 610	1 587	+	23	+ 1.4
Interdiscount	1 783	1 759	+	24	+ 1.4
Toptip and Lumimart	738	795	-	57	- 7.2
Import Parfumerie	492	513	-	21	- 4.1
Corporate Services Trading	37	40	-	3	- 7.5
<b>Trading</b>	<b>8 296</b>	<b>8 836</b>	-	<b>540</b>	- <b>6.1</b>
Logistics	5 137	5 354	-	217	- 4.1
Manufacturing	655	701	-	46	- 6.6
Other corporate services/Property Business Unit	2 103	2 183	-	80	- 3.7
<b>Coop parent company</b>	<b>41 027</b>	<b>43 114</b>	-	<b>2 087</b>	- <b>4.8</b>
Bell Group	3 326	3 540	-	214	- 6.0
Coop Mineraloel AG	62	54	+	8	+ 14.8
Coop Vitality AG	216	124	+	92	+ 74.2
Other companies	285	326	-	41	- 12.6
<b>Employees (incl. trainees) as at 31.12</b>	<b>44 916</b>	<b>47 158</b>	-	<b>2 242</b>	- <b>4.8</b>

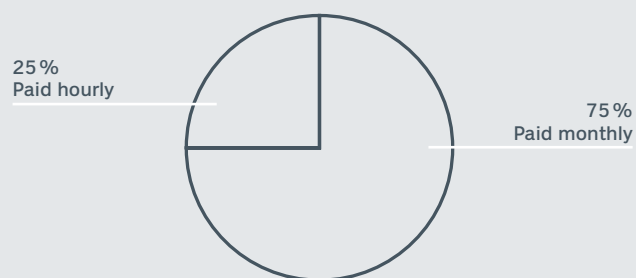


	2005	2004	Change		%
SRE Suisse Romande	220	163	+	57	+ 35.0
SRE Bern	140	140	+	0	+ 0.0
SRE Nordwestschweiz	248	225	+	23	+ 10.2
SRE Zentralschweiz-Zürich	293	292	+	1	+ 0.3
SRE Ostschweiz-Ticino	224	257	-	33	- 12.8
Corporate Services Retail	0	0	+	0	+ 0.0
<b>Retail</b>	<b>1 125</b>	<b>1 077</b>	<b>+</b>	<b>48</b>	<b>+ 4.5</b>
Department Stores	163	166	-	3	- 1.8
Building & Hobby	85	72	+	13	+ 18.1
Interdiscount	306	300	+	6	+ 2.0
Toptip and Lumimart	16	14	+	2	+ 14.3
Import Parfumerie	46	48	-	2	- 4.2
Corporate Services Trading	0	0	+	0	+ 0.0
<b>Trading</b>	<b>616</b>	<b>600</b>	<b>+</b>	<b>16</b>	<b>+ 2.7</b>
Logistics	101	96	+	5	+ 5.2
Manufacturing	15	14	+	1	+ 7.1
Other corporate services/Property Business Unit	68	69	-	1	- 1.4
<b>Coop parent company</b>	<b>1 925</b>	<b>1 856</b>	<b>+</b>	<b>69</b>	<b>+ 3.7</b>
Bell Group	59	51	+	8	+ 15.7
Coop Mineraloel AG	3	2	+	1	+ 50.0
Coop Vitality AG	27	17	+	10	+ 58.8
Other companies	3	6	-	3	- 50.0
<b>Trainees (full-time) as at 31.12</b>	<b>2 017</b>	<b>1 932</b>	<b>+</b>	<b>85</b>	<b>+ 4.4</b>

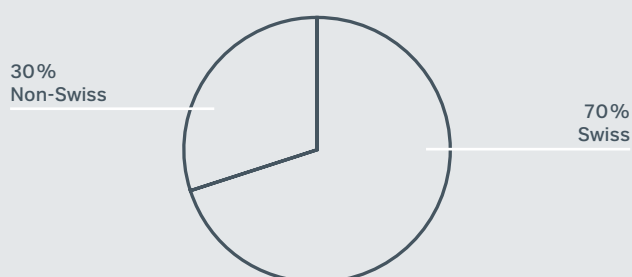
**Gender**



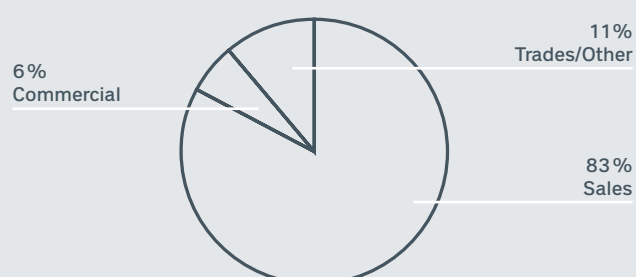
**Type of employment**



**Nationality**



**Trainees**

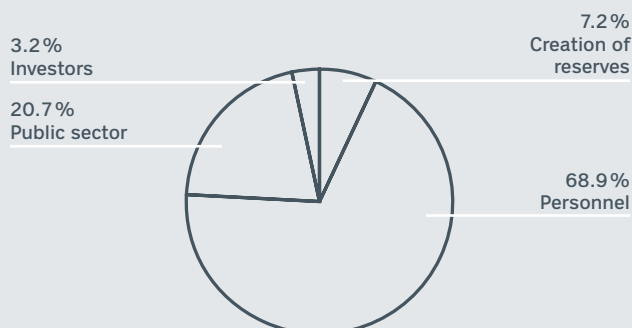


## Statement of added value

	CHF m. 2005	CHF m. 2004	Change %
Cash turnover/Direct sales <sup>1</sup>	14 901	14 866	+ 0.2
Merchandise	- 8 954	- 8 867	+ 1.0
Other <sup>1</sup>	- 1 538	- 1 441	+ 6.8
Purchase of goods and services <sup>1</sup>	- 10 493	- 10 308	+ 1.8
<b>Gross added value</b>	<b>4 408</b>	<b>4 558</b>	<b>- 3.3</b>
Depreciation and provisions	- 670	- 793	- 15.5
<b>Net added value</b>	<b>3 738</b>	<b>3 766</b>	<b>- 0.7</b>
Wages and salaries <sup>1</sup>	- 2 030	- 2 106	- 3.6
Social security contributions <sup>1</sup>	- 419	- 398	+ 5.1
Other personnel costs	- 80	- 68	+ 16.2
Personnel discounts, incl. personnel Supercard points	- 48	- 45	+ 7.6
<b>Personnel</b>	<b>- 2 577</b>	<b>- 2 618</b>	<b>- 1.6</b>
Taxes	- 74	- 83	- 10.2
Operations-related taxes, charges and fees	- 36	- 33	+ 8.7
Customs duties	- 542	- 504	+ 7.6
Value-added tax	- 119	- 85	+ 39.7
<b>Public sector</b>	<b>- 772</b>	<b>- 705</b>	<b>+ 9.5</b>
<b>Investors</b>	<b>- 119</b>	<b>- 123</b>	<b>- 2.8</b>
<b>Creation of (-)/Withdrawal (+) from reserves</b>	<b>- 270</b>	<b>- 320</b>	<b>- 15.6</b>
<b>Distribution of added value</b>	<b>- 3 738</b>	<b>- 3 766</b>	<b>- 0.7</b>

<sup>1</sup> Year-back figure adapted to current structure

## Distribution of added value



## Development of the Coop Group

	2001	2002	2003	2004	2005
<b>Key financial data consolidated</b> in CHF m.					
Retail turnover	12 453	13 536	14 396	13 983	14 065
Cash turnover/Direct sales	13 223	14 361	15 222	14 866	14 901
Net sales	12 759	13 721	14 434	14 127	14 133
Operating cash flow (EBITDA)	1 066	1 151	1 177	1 171	1 066
Operating profit (EBIT)	521	563	531	491	385
Financial results	- 191	- 166	- 98	- 103	- 91
Profit/Loss for the financial year	302	331	341	320	270
Interest-bearing liabilities	4 998	4 464	4 448	4 360	3 980
Net financial debt	4 503	4 019	4 115	4 049	3 606
Equity incl. minority interests	3 223	3 625	3 930	4 264	4 602
Equity ratio in %	29.9	32.7	34.5	37.8	40.9
Total assets	10 794	11 095	11 385	11 290	11 249
Cash flow before changes in net current assets	778	971	849	936	818
Cash flow from operating activities	832	1 255	864	512	957
Cash flow from investment activities	- 758	- 669	- 858	- 431	- 497
Cash flow from financial activities	- 43	- 636	- 119	- 102	- 397
<b>Personnel</b>					
Employees as at 31.12	46 197	49 247	50 406	47 158	44 916
Full-time employees	37 417	40 528	41 249	39 292	37 370
<b>Market shares</b> in % (basis: market volume acc. to BAK)					
Food	20.7	21.5	22.3	20.5	20.6
Non-food	8.9	9.8	10.5	10.4	9.9
Coop Group	14.2	15.3	16.2	15.3	15.0
<b>Sales outlets</b>					
Number of sales outlets as at 31.12	1 597	1 487	1 513	1 433	1 437
Sales area in m <sup>2</sup> as at 31.12	1 188 157	1 354 405	1 458 149	1 464 070	1 480 907
Cash turnover in CHF m.	12 070	13 187	14 032	13 649	13 690
<b>Member households</b>					
Number of households as at 31.12	2 082 387	2 149 863	2 250 740	2 323 602	2 316 223

## Key environmental figures

Survey period for energy data collection July to June, calendar year for other data	2005	2004		%
<b>Coop flagship labels CHF in thousands</b>				
Sales of Coop Naturaplan	1 048 156	1 112 763	-	5.8
Sales of Coop Naturaline	50 648	43 197	+	17.3
Sales of Coop Oecoplan	94 396	93 921	+	0.5
Sales of Max Havelaar	112 357	111 391	+	0.9
<b>Sales</b>	<b>1 305 557</b>	<b>1 361 272</b>	-	<b>4.1</b>
<b>Electricity in MWh</b>				
Consumption sales outlets <sup>1</sup>	567 927	562 814	+	0.9
Consumption distribution centres	89 897	96 672	-	7.0
Consumption production plants <sup>2</sup>	40 861	40 645	+	0.5
Consumption central administration	7 366	7 346	+	0.3
<b>Consumption</b>	<b>706 051</b>	<b>707 478</b>	-	<b>0.2</b>
Consumption sales outlets per m <sup>2</sup> of sales area in kWh	464	458	+	1.3
Consumption sales outlets per thousand CHF of turnover in kWh <sup>3</sup>	51	50	+	2.0
<b>Heating in MWh</b>				
Consumption sales outlets <sup>4</sup>	177 512	184 914	-	4.0
Consumption distribution centres <sup>4</sup>	98 916	111 671	-	11.4
Consumption production plants	28 622	32 712	-	12.5
Consumption central administration	2 983	4 167	-	28.4
<b>Consumption</b>	<b>308 034</b>	<b>333 465</b>	-	<b>7.6</b>
Consumption sales outlets per m <sup>2</sup> of sales area in kWh <sup>4</sup>	145	150	-	3.6
Consumption sales outlets per thousand CHF of turnover in kWh <sup>3/4</sup>	16	16	+	0.0

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

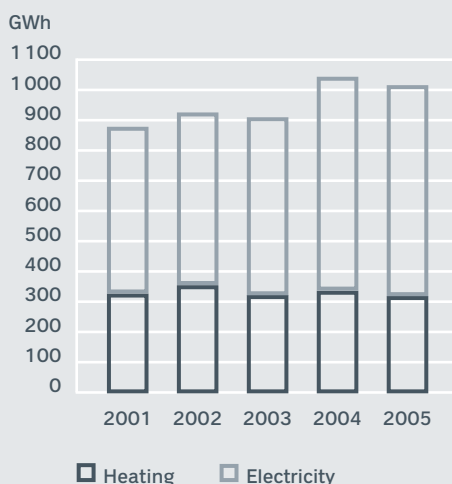
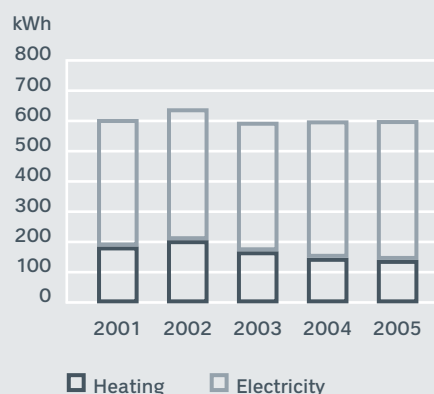
<sup>2</sup> Banana ripening plant, Chocolats Halba, CWK, Nutrex, Panofina, Pasta Gala, Reismühle Brunnen, SCS, Swissmill

<sup>3</sup> Year-back figure adapted to change in calculation of sales (cash turnover)

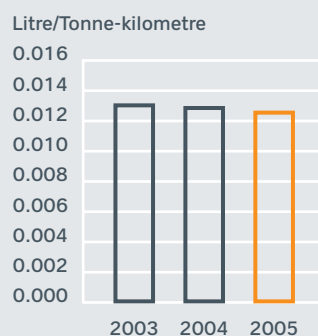
<sup>4</sup> Year-back figure adapted to EnAW (Business Energy Agency) survey data

<sup>5</sup> Adapted to EnAW calculation basis. New: consumption per tonne-kilometres (tkm) instead of per 100 kilometres as before

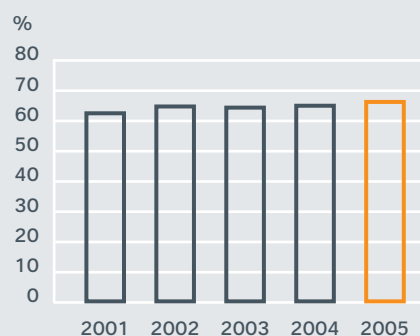
## Total energy consumption

Energy consumption per m<sup>2</sup> of sales area

	2005	2004		%
<b>Energy (electricity and heating) in MWh</b>				
Consumption sales outlets <sup>4</sup>	745 439	747 728	-	0.3
Consumption distribution centres <sup>4</sup>	188 814	208 343	-	9.4
Consumption production plants	69 483	73 358	-	5.3
Consumption central administration	10 349	11 514	-	10.1
<b>Consumption</b>	<b>1 014 084</b>	<b>1 040 943</b>	-	<b>2.6</b>
Consumption sales outlets per m <sup>2</sup> of sales area in kWh <sup>4</sup>	609	608	+	0.1
Consumption sales outlets per thousand CHF of turnover in kWh <sup>3/4</sup>	67	66	+	1.5
<b>Carbon dioxide (CO<sub>2</sub>) in t</b>				
Emissions sales outlets <sup>4</sup>	39 550	41 361	-	4.4
Emissions distribution centres <sup>4</sup>	15 980	18 558	-	13.9
Emissions production plants	5 236	5 900	-	11.3
Emissions central administration	304	560	-	45.7
<b>Emissions</b>	<b>61 070</b>	<b>66 379</b>	-	<b>8.0</b>
<b>Water in m<sup>3</sup></b>				
Consumption distribution centres	349 090	419 154	-	16.7
Consumption production plants	149 361	149 507	-	0.1
Consumption central administration	16 342	13 827	+	18.2
<b>Consumption</b>	<b>514 793</b>	<b>582 488</b>	-	<b>11.6</b>
<b>Diesel fuel (trucks) in litre per tonne-kilometre<sup>5</sup></b>				
Consumption	0.0127	0.0132	-	3.7
<b>Waste recycled in %</b>				
Distribution centres incl. consignments from sales outlets	62	57	+	9.2
Other distribution centres	76	72	+	5.2
Production plants	79	78	+	1.2
Central administration	42	36	+	15.7

Specific diesel consumption by trucks<sup>5</sup>

Percentage of waste recycled, overall





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## Consolidated profit and loss account

	Notes	CHF m. 2005	Share %	CHF m. 2004	Share %
Net sales	1	14 133	100.0	14 127	100.0
Merchandise expense		– 9 497		– 9 371	
<b>Gross income</b>		<b>4 636</b>	<b>32.8</b>	<b>4 756</b>	<b>33.7</b>
Other operating income	2	677		625	
Personnel costs	3	– 2 529		– 2 573	
Advertising costs		– 359		– 365	
Other operating expenses	4	– 1 360		– 1 273	
<b>Operating cash flow (EBITDA)</b>		<b>1 066</b>	<b>7.5</b>	<b>1 171</b>	<b>8.3</b>
Depreciation	5	– 681		– 679	
<b>Operating profit (EBIT)</b>		<b>385</b>	<b>2.7</b>	<b>491</b>	<b>3.5</b>
Financial income/Expense	6	– 91		– 103	
Non-operating income from property transactions	7	5		13	
Other non-operating result	8	91		74	
<b>Pre-tax profit/loss</b>		<b>390</b>	<b>2.8</b>	<b>474</b>	<b>3.4</b>
Taxes	9	– 86		– 124	
<b>Profit/Loss after taxes</b>		<b>303</b>	<b>2.1</b>	<b>351</b>	<b>2.5</b>
Minority interests in profit/Loss		– 33		– 31	
<b>Profit/Loss for the financial year</b>		<b>270</b>	<b>1.9</b>	<b>320</b>	<b>2.3</b>



## Consolidated balance sheet

	Notes	CHF m. 2005	Share %	CHF m. 2004	Share %
as at 31.12					
Liquidity	10	375		311	
Trade debtors	11	321		277	
Other debtors	12	302		399	
Stocks	13	1 502		1 573	
<b>Current assets</b>		<b>2 500</b>	<b>22.2</b>	<b>2 560</b>	<b>22.7</b>
Intangible fixed assets	14	344		281	
Financial assets	15	476		206	
Furniture, vehicles, machinery	16	1 260		1 309	
Immovable property	17	6 670		6 935	
<b>Fixed assets</b>		<b>8 749</b>	<b>77.8</b>	<b>8 731</b>	<b>77.3</b>
<b>Assets</b>		<b>11 249</b>	<b>100.0</b>	<b>11 290</b>	<b>100.0</b>
Trade creditors	18	866		993	
Other liabilities	19	1 242		1 039	
<b>Short-term liabilities</b>		<b>2 109</b>	<b>18.7</b>	<b>2 031</b>	<b>18.0</b>
Long-term liabilities	20	3 110		3 153	
Liabilities secured by lien	21	490		888	
Provisions	22	939		954	
<b>Long-term liabilities</b>		<b>4 539</b>	<b>40.3</b>	<b>4 995</b>	<b>44.2</b>
<b>Liabilities</b>	23	<b>6 647</b>	<b>59.1</b>	<b>7 027</b>	<b>62.2</b>
Participation certificate capital					
Reserves		1 692		1 344	
Revenue reserves		2 400		2 376	
Profit/Loss for the financial year		270		320	
Unappropriated profit/Accumulated loss		2 670		2 696	
<b>Equity excl. minority interests</b>		<b>4 362</b>	<b>38.8</b>	<b>4 041</b>	<b>35.8</b>
Minorities		240	2.1	223	2.0
<b>Equity incl. minority interests</b>		<b>4 602</b>	<b>40.9</b>	<b>4 264</b>	<b>37.8</b>
<b>Liabilities and equity</b>		<b>11 249</b>	<b>100.0</b>	<b>11 290</b>	<b>100.0</b>

## Consolidated cash flow statement

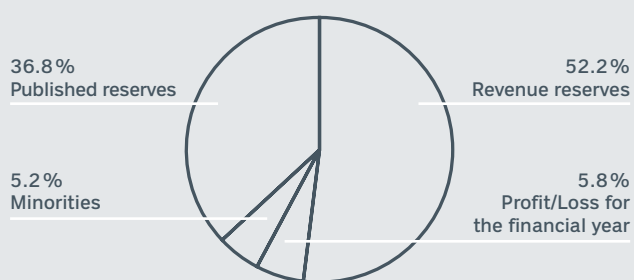
Source/Application of liquidity

	Notes	CHF m. 2005	CHF m. 2004
Profit/Loss for the financial year before minority interests		303	351
Writedown of financial investments		5	1
Depreciation of intangible assets		112	63
Depreciation of furniture, vehicles and machinery		315	327
Depreciation of immovable property		294	426
Depreciation of non-operational plant		4	7
<b>Depreciation</b>		<b>731</b>	<b>825</b>
Profit (-)/Loss on sale of fixed assets		- 153	- 210
Results not impacting on liquidity/Valuation of equity interests		- 3	- 1
Increase/Decrease in provisions		- 60	- 29
<b>Cash flow before changes in net current assets</b>		<b>818</b>	<b>936</b>
Increase/Decrease (-) in current assets		123	- 157
Increase/Decrease in interest-free liabilities		16	- 267
<b>Cash flow from operating activities</b>		<b>957</b>	<b>512</b>
Investments in intangible assets		- 168	- 19
Disposals of intangible assets		0	0
<b>Intangible assets</b>		<b>- 168</b>	<b>- 19</b>
Investments in furniture, vehicles and machinery		- 277	- 406
Disposals of furniture, vehicles and machinery		13	15
<b>Furniture, vehicles and machinery</b>		<b>- 264</b>	<b>- 390</b>
Investments in immovable property		- 473	- 570
Immovable property, own work capitalized		- 1	- 3
Disposals of immovable property		586	544
<b>Immovable property</b>		<b>112</b>	<b>- 29</b>
Investments in participating interests		- 149	- 4
Disposals of participating interests		3	2
<b>Participating interests</b>		<b>- 147</b>	<b>- 2</b>
Financial investments		- 139	- 19
Disposals of financial investments		63	29
Reclassifications of financial investments		47	
<b>Total financial investments</b>		<b>- 30</b>	<b>10</b>
<b>Cash flow from investment activities</b>	24	<b>- 497</b>	<b>- 431</b>
Increase/Decrease in interest-bearing liabilities		- 381	- 85
Dividend to minority shareholders		- 17	- 15
Own shares		- 0	- 2
<b>Cash flow from financial transactions</b>		<b>- 397</b>	<b>- 102</b>
<b>Cash flow/Cash drain (-)</b>		<b>63</b>	<b>- 21</b>
<b>Liquidity at beginning of year</b>		<b>311</b>	<b>332</b>
<b>Cash flow/Cash drain (-)</b>		<b>63</b>	<b>- 21</b>
Impact of changes in foreign exchange rates		1	0
<b>Liquidity at end of year</b>		<b>375</b>	<b>311</b>

## Changes in shareholders' equity

	Published reserves	Own shares	Revenue reserves	Profit/Loss for the fin. year	Equity excl. minority interests	Minorities	Equity incl. minority interests
Equity as at 1.1.2004	1 162		2 219	341	3 722	208	3 930
Appropriation of profit/Dividend	182		159	- 341	0	- 15	- 15
First application of ARR 24			- 2		- 2		- 2
Profit/Loss for the financial year				320	320	31	351
Currency translation differences	- 0		0	- 0	- 0		
<b>Equity as at 31.12.2004</b>	<b>1 344</b>		<b>2 376</b>	<b>320</b>	<b>4 041</b>	<b>223</b>	<b>4 264</b>
<b>Equity as at 1.1.2005</b>	<b>1 344</b>		<b>2 376</b>	<b>320</b>	<b>4 041</b>	<b>223</b>	<b>4 264</b>
Appropriation of profit/Dividend	297		23	- 320	0	- 17	- 17
First application of ARR 16	51				51		51
Purchase/Sale of own shares		- 0			- 0		
Profit/Loss for the financial year				270	270	33	303
Currency translation differences	- 0		0	0	- 0		
<b>Equity as at 31.12.2005</b>	<b>1 692</b>	<b>- 0</b>	<b>2 400</b>	<b>270</b>	<b>4 362</b>	<b>240</b>	<b>4 602</b>

## Equity as at 31.12.2005



## Annex to the consolidated annual accounts

### Consolidation principles

#### **Principles**

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

#### **Fully consolidated companies**

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

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

#### **Equity method**

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

#### **Other investments**

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

#### **Scope of consolidation**

The consolidated Coop companies are listed on page 109.

## Valuation principles for selected items

### Liquidity

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

### Trade debtors and other debtors

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

### Stocks

Stocks are stated at cost, which corresponds to the net purchase price plus additional procurement costs. Semi-manufactured and finished goods are valued at no more than production cost. Where the computed price of merchandise on the balance sheet date is below the cost price, the “lower of cost or market” principle is applied. Individual value adjustments are made for materials that are 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. Brand-name rights and similar intangible assets are depreciated over a period of up to 25 years. In addition, all intangible assets undergo an annual impairment test. No research and development costs were capitalized.

### Financial assets

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

### Furniture, vehicles, machinery, immovable property

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

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

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

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

### Debt

Short-term debt includes all deferrals and debt due within one year, except bonds with a maturity of less than 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 year under review 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 of 25% based on local tax rates and tax loss carry-forwards.

## Notes to the consolidated annual accounts 2005

**Changes in the consolidated Coop companies**

In 2005, the following changes occurred in the scope of consolidation at Coop compared with the previous year: Establishment of transGourmet Holding AG on 10 January 2005 as a joint venture with the German REWE group. The assets and liabilities of Prodega CC AG were taken over by transGourmet Schweiz AG as a non-cash capital contribution. Howeg AG was integrated into the same company at the same time. The Bell Gastro Service segment was sold by Bell AG to transGourmet Schweiz AG. At the same time, Bon appétit France Sàrl and Aldis Service Plus SAS Group were acquired by transGourmet Holding AG. All these transactions were completed with retroactive effect to 1 January 2005. On 1 October 2005, Prodirest SAS was bought by Aldis Service Plus SAS. The transGourmet group was included in the Coop consolidated financial statements according to the equity method. On 1 January 2005, Konsumverein Zürich AG and Fehr & Engeli AG merged with Coop Immobilien AG, while the Baugenossenschaft Buchiacker and Könizer Siedlungs-Aktiengesellschaft merged with Coop. Liquidation of Coein AG in Liquidation as at 30 April 2005.

First-time consolidation of Centravo AG in the Bell Group in proportion to its equity capital. At the same time, the stake in GZM Extraktionswerk AG was sold to Centravo AG.

**Change in the cash flow statement**

The cash flow statement is produced according to the indirect method and begins with the profit/loss after taxes. It had previously been calculated on the basis of the profit/loss for the financial year. The previous year's figures have been restated to allow comparison.

**Reclassifications**

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

**Staff pension funds**

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

In connection with the first application of GAAP ARR 16, provisions were created for the pension fund.

The Coop Group assumes the costs of the occupational pension provision for all employees and their dependents as stipulated under law. The contributions are included under Social security contributions in the section on Personnel costs.

**Non-operating depreciation**

Non-operating depreciation for intangible assets in 2005 refers to restructuring and integration risks associated with the transGourmet joint venture in France. The depreciation was effected in keeping with the prudence principle.

**Off-balance-sheet business**

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

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

**Affiliated companies**

Companies consolidated by the equity method are considered to be affiliated companies. Transactions with affiliated companies were conducted in accordance with the usual market conditions. The main items are stated under the corresponding numbers in the Notes. There are also reciprocal delivery and supply agreements in place. The usual market conditions apply, with transaction volumes being factored in.

## Notes to the consolidated profit and loss account

	CHF m.	CHF m.
	2005	2004
Net sales Food <sup>1</sup>	8 765	8 789
Net sales Non-food <sup>1</sup>	5 367	5 337
<b>1 Net sales</b>	<b>14 133</b>	<b>14 127</b>

<sup>1</sup> Year-back figure adapted to current structure

Suisse Romande Region	2 807	2 734
Bern Region	1 925	1 910
Nordwestschweiz Region	2 694	2 717
Zentralschweiz-Zürich Region	3 006	2 933
Ostschweiz-Ticino Region	2 611	2 568
Headquarters/Manufacturing	1 091	1 264
<b>1 Net sales</b>	<b>14 133</b>	<b>14 127</b>

Other operating income	530	518
Operating rental income	150	101
Own work capitalized	1	3
Change in stocks of semi-manufactured and finished goods	- 4	4
<b>2 Other operating income</b>	<b>677</b>	<b>625</b>

“Other operating income” also includes revenues from the Toto (football pools), Lotto (lottery), car parks, advertising, phone cards and various agency commissions

Wages and salaries <sup>1</sup>	- 2 030	- 2 106
Social security contributions <sup>1</sup>	- 419	- 398
Social security contributions as %	20.6	18.9
Other personnel costs	- 80	- 68
<b>3 Personnel costs</b>	<b>- 2 529</b>	<b>- 2 573</b>

<sup>1</sup> Year-back figure adapted to current structure

Rent	- 414	- 344
Office and administrative costs	- 140	- 142
Charges and insurance premiums (non-life)	- 58	- 56
Maintenance and replacement costs	- 221	- 231
Energy and supplies	- 239	- 231
Miscellaneous expenses	- 287	- 270
<b>4 Other operating expenses</b>	<b>- 1 360</b>	<b>- 1 273</b>

Goodwill	- 45	- 40
Other investments in intangible assets	- 30	- 23
Furniture, vehicles and machinery	- 313	- 324
Immovable property	- 293	- 292
<b>5 Depreciation</b>	<b>- 681</b>	<b>- 679</b>

	CHF m.	CHF m.
	2005	2004
Interest income and dividends	29	17
Investment income from equity-consolidated companies	- 0	3
<b>Financial income</b>	<b>28</b>	<b>19</b>
Interest expense	- 111	- 114
Unrealized losses on equities	- 6	- 1
Other financial expenses	- 3	- 8
<b>Financial expenses</b>	<b>- 119</b>	<b>- 123</b>
<b>6 Financial income/Expense</b>	<b>- 91</b>	<b>- 103</b>
Rental income	11	26
Non-operating depreciation	- 4	- 7
Other non-operating expenses	- 2	- 5
<b>7 Non-operating income from property transactions</b>	<b>5</b>	<b>13</b>
Income from disposal of fixed assets	153	210
Release of provisions no longer required	6	23
Release of restructuring and integration provisions	6	
Non-review-period-related and other non-operating income	62	159
<b>Other non-operating income</b>	<b>227</b>	<b>392</b>
Non-operating depreciations resulting from impairment of intangible assets	- 37	
Non-operating depreciations resulting from impairment of financial investments	- 5	
Non-operating depreciations resulting from impairment of fixed assets	- 3	- 138
Creation of restructuring and integration provisions	- 0	- 5
Creation of provisions	- 22	- 80
Non-review-period-related and other non-operating expense	- 68	- 95
<b>Other non-operating expense</b>	<b>- 136</b>	<b>- 318</b>
<b>8 Other non-operating result</b>	<b>91</b>	<b>74</b>
Taxes on capital, earnings and property gains	- 68	- 72
Property transfer tax	- 7	- 10
Deferred taxes	- 12	- 41
<b>9 Taxes</b>	<b>- 86</b>	<b>- 124</b>



## Notes to the consolidated balance sheet

	CHF m.					
	2005	2004				
Cash at banks and in hand	258	234				
Vouchers and Reka cheques	22	18				
Term deposits at banks		19				
Securities	95	41				
<b>10 Liquidity</b>	<b>375</b>	<b>311</b>				
Trade debtors	309	280				
Minus 1% value adjustment	- 3	- 3				
Sums due from equity-consolidated companies	16	0				
<b>11 Trade debtors</b>	<b>321</b>	<b>277</b>				
Other debtors	92	245				
Other debtors from equity-consolidated companies	45	3				
Prepaid expenses and deferred charges	164	151				
Prepaid expenses and deferred charges from equity-consolidated companies	2					
<b>12 Other debtors</b>	<b>302</b>	<b>399</b>				
Merchandise	1 288	1 347				
Semi-manufactured and finished goods (production)	103	122				
Raw material	95	92				
Auxiliary and packaging materials	15	12				
<b>13 Stocks</b>	<b>1 502</b>	<b>1 573</b>				
	Goodwill	Patents/ Licences/ Brands	Organ- izational costs	Software	CHF m.	CHF m.
					2005	2004
<b>Net book value as at 1.1</b>	<b>218</b>	<b>11</b>	<b>9</b>	<b>42</b>	<b>281</b>	<b>323</b>
Acquisition value as at 1.1	320	22	76	78	497	478
Changes to scope of consolidation						0
Investments	149		1	18	168	19
Disposals	- 2		- 0	- 0	- 2	- 3
Impact of changes in foreign exchange rates	0		0	0	0	- 0
Reclassifications	- 98	99	- 1	14	14	3
Acquisition value as at 31.12	370	121	75	110	676	497
Accumulated depreciation as at 1.1	- 103	- 11	- 67	- 36	- 216	- 155
Changes to the scope of consolidation						- 0
Depreciation	- 45	- 5	- 6	- 19	- 75	- 63
Non-operating depreciation	- 37				- 37	
Accumulated depreciation on disposals	2		0	0	2	3
Impact of changes in foreign exchange rates	- 0			- 0	- 0	0
Reclassifications	36	- 37	1	- 6	- 6	- 1
Accumulated depreciation as at 31.12	- 147	- 53	- 72	- 61	- 332	- 216
<b>14 Intangible assets as at 31.12</b>	<b>223</b>	<b>68</b>	<b>3</b>	<b>49</b>	<b>344</b>	<b>281</b>

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	Employer contribution reserve	Financial assets held at banks	Other financial assets	Particip. (equity method)	CHF m. 2005	CHF m. 2004
Net book value as at 1.1		17	171	18	206	257
First application of ARR 16	110				110	
Addition		0	139	163	303	25
Disposal	- 14	- 17	- 46	- 6	- 83	- 74
Value adjustment			- 5		- 5	- 1
Reclassifications		0	- 55		- 55	- 2
<b>15 Financial assets as at 31.12</b>	<b>95</b>	<b>0</b>	<b>205</b>	<b>175</b>	<b>476</b>	<b>206</b>

Loans to equity-consolidated companies	90	10
Sums secured by lien due from third parties	6	10
Loans to third parties	44	33
Other financial investments, third parties	64	118
<b>Other financial assets</b>	<b>205</b>	<b>171</b>

	Furniture/ Tools	Vehicles	IT	Machinery/ Plants	CHF m. 2005	CHF m. 2004
<b>Net book value as at 1.1</b>	<b>832</b>	<b>67</b>	<b>106</b>	<b>304</b>	<b>1 309</b>	<b>1 247</b>
Acquisition value as at 1.1	1 826	155	397	820	3 198	3 394
Changes to scope of consolidation				0	0	- 2
Investments	162	14	25	77	277	406
Disposals	- 418	- 18	- 133	- 105	- 674	- 589
Impact of changes in foreign exchange rates	0	0	0	0	0	0
Reclassifications	- 8	1	20	- 38	- 25	- 10
Acquisition value as at 31.12	1 562	152	310	753	2 776	3 198
Accumulated depreciation as at 1.1	- 994	- 87	- 292	- 516	- 1 889	- 2 147
Changes to the scope of consolidation						2
Depreciation	- 188	- 18	- 45	- 62	- 313	- 324
Non-operating depreciation	- 1	- 0	- 0	- 0	- 1	- 3
Accumulated depreciation on disposals	414	16	132	99	662	574
Impact of changes in foreign exchange rates	- 0	- 0	- 0	- 0	- 0	0
Reclassifications	- 8	0	- 4	36	25	9
Accumulated depreciation as at 31.12	- 777	- 89	- 207	- 443	- 1 516	- 1 889
<b>16 Furniture, vehicles, machinery as at 31.12</b>	<b>785</b>	<b>63</b>	<b>102</b>	<b>310</b>	<b>1 260</b>	<b>1 309</b>

	Vacant plots of land	Installa- tions	Buildings	Properties not used for oper- ational purposes	CHF m. 2005	CHF m. 2004
<b>Net book value as at 1.1</b>	<b>55</b>	<b>1 319</b>	<b>5 509</b>	<b>52</b>	<b>6 935</b>	<b>7 134</b>
Acquisition value as at 1.1	58	2 091	7 658	71	9 878	9 930
Changes to scope of consolidation						- 6
Investments	- 2	116	361		474	573
Disposals	- 2	- 153	- 584	- 19	- 759	- 607
Impact of changes in foreign exchange rates	0	0	0	0	0	0
Reclassifications	14	- 358	356	- 5	7	- 13
<b>Acquisition value as at 31.12</b>	<b>67</b>	<b>1 695</b>	<b>7 790</b>	<b>47</b>	<b>9 600</b>	<b>9 878</b>
Accumulated depreciation as at 1.1	- 2	- 772	- 2 149	- 20	- 2 943	- 2 796
Changes to the scope of consolidation			- 0		- 0	2
Depreciation	- 0	- 136	- 161	- 1	- 297	- 299
Non-operating depreciation		- 0	- 1		- 1	- 134
Accumulated depreciation on disposals	0	139	178	7	325	272
Impact of changes in foreign exchange rates	- 0	- 0	- 0	- 0	- 0	0
Reclassifications		89	- 104	1	- 14	13
<b>Accumulated depreciation as at 31.12</b>	<b>- 2</b>	<b>- 679</b>	<b>- 2 238</b>	<b>- 12</b>	<b>- 2 931</b>	<b>- 2 943</b>
<b>17 Immovable property as at 31.12</b>	<b>66</b>	<b>1 016</b>	<b>5 553</b>	<b>35</b>	<b>6 670</b>	<b>6 935</b>

<b>Buildings under construction (in "Buildings")</b>	CHF m. 2005	CHF m. 2004
<b>Net book value as at 1.1</b>	<b>236</b>	<b>164</b>
Acquisition value as at 1.1	239	169
Changes to scope of consolidation		
Investments	88	204
Disposals	- 3	- 3
Capitalizations	- 203	- 130
Reclassifications		
<b>Acquisition value as at 31.12</b>	<b>121</b>	<b>239</b>
Accumulated depreciation as at 1.1	- 3	- 4
Changes to the scope of consolidation		
Depreciation		
Non-operating depreciation		
Accumulated depreciation on disposals	3	2
Reclassifications		
<b>Accumulated depreciation as at 31.12</b>	<b>-</b>	<b>3</b>
<b>Buildings under construction as at 31.12</b>	<b>121</b>	<b>236</b>

Book value of assets pledged to secure own commitments	1 217	2 101
Secured liabilities	490	888

	CHF m.	CHF m.
	2005	2004
Trade creditors	860	992
Sums owed to equity-consolidated companies	7	0
<b>18 Trade creditors</b>	<b>866</b>	<b>993</b>
Other short-term liabilities, non-interest-bearing	242	259
Other short-term liabilities, interest-bearing	374	319
Other short-term liabilities to equity-consolidated companies	6	
Deferred income	614	461
Deferred income from equity-consolidated companies	6	
<b>19 Other liabilities</b>	<b>1 242</b>	<b>1 039</b>
Deposit and investment accounts	887	844
Medium-term notes	181	168
Coop 1996 – 2006 4½%	100	
Coop 1997 – 2007 3¾%	200	
Coop 1999 – 2009 4%	250	
Coop 2003 – 2008 2¾%	325	
Coop 2004 – 2011 2¾%	250	
Coop 2005 – 2012 2½%	250	
Bonds	1 375	1 445
Bank loans	447	536
Other loans	219	161
Commitments towards pension funds	0	0
<b>20 Long-term liabilities</b>	<b>3 110</b>	<b>3 153</b>
Mortgages	490	888
Building loans		
<b>21 Liabilities secured by liens</b>	<b>490</b>	<b>888</b>

	Pension funds	Restruc- turings	Deferred taxes	Other provisions	CHF m. 2005	CHF m. 2004
Provisions as at 1.1	29	41	526	359	954	1 027
Changes to scope of consolidation						0
Creation of provisions	38	0	36	252	326	151
Use of provisions	- 14	- 28		- 277	- 320	- 200
Release of provisions no longer required	- 0	- 6	- 7	- 8	- 22	- 26
Reclassifications	- 2	0	- 0	2	- 0	0
Impact of changes in foreign exchange rates	0		0	0	0	- 0
<b>22 Provisions as at 31.12</b>	<b>51</b>	<b>7</b>	<b>555</b>	<b>326</b>	<b>939</b>	<b>954</b>

	CHF m. 2005	CHF m. 2004
HR-related items	3	
Bank Coop		42
Supercard	231	219
Value-added tax	44	40
Sundry items	49	58
<b>Other provisions</b>	<b>326</b>	<b>359</b>

Short-term interest-bearing liabilities	380	319
Long-term interest-bearing liabilities	3 600	4 041
Interest-bearing liabilities	3 980	4 360
Non-interest-bearing liabilities	2 667	2 667
<b>23 Liabilities</b>	<b>6 647</b>	<b>7 027</b>

Interest-bearing liabilities	3 980	4 360
Liquidity	- 375	- 311
<b>Net financial debt</b>	<b>3 606</b>	<b>4 049</b>

## Notes to the consolidated cash flow statement

	CHF m.	CHF m.
	2005	2004
Investment in intangible assets	- 168	- 19
Investment in furniture, vehicles, machinery	- 277	- 406
Investment in immovable property	- 473	- 570
Reclassifications		
Own work	- 1	- 3
<b>Investments</b>	<b>- 919</b>	<b>- 998</b>
Disposal of intangible assets	0	0
Disposal of furniture, vehicles, machinery	13	15
Disposal of immovable property	586	544
<b>Disposals</b>	<b>599</b>	<b>559</b>
<b>Net investment in fixed assets</b>	<b>- 320</b>	<b>- 439</b>
Investment in participating interests	- 149	- 4
Financial investments	- 139	- 19
<b>Investment in participating interests/financial investments</b>	<b>- 288</b>	<b>- 23</b>
Disposal of participating interests	3	2
Disposal of financial investments	63	29
<b>Disposal of participating interests/financial investments</b>	<b>65</b>	<b>31</b>
Reclassifications financial investments	47	
<b>24 Cash flow from investment activities</b>	<b>- 497</b>	<b>- 431</b>
Investment in intangible assets	- 168	- 19
Investment in furniture, vehicles, machinery	- 277	- 406
Investment in immovable property	- 473	- 570
Investment in participating interests	- 149	- 4
Financial investments	- 139	- 19
Own work	- 1	- 3
<b>Investments</b>	<b>- 1 208</b>	<b>- 1 022</b>
Disposal of intangible assets	0	0
Disposal of furniture, vehicles, machinery	13	15
Disposal of immovable property	586	544
Disposal of participating interests	3	2
Disposal of financial investments	63	29
<b>Disposals</b>	<b>664</b>	<b>590</b>
Reclassifications financial investments	47	
<b>24 Cash flow from investment activities</b>	<b>- 497</b>	<b>- 431</b>

## Additional notes to the consolidated annual accounts

<b>Pension fund obligations</b>	Balance sheet	Result from ECR	Balance sheet
Employer contribution reserve (ECR)	1.1.2005	in personnel costs 2005	31.12.2005
Patronage funds/Patronage pension funds	20	2	22
Pension funds	90	- 17	73
<b>ECR</b>	<b>110</b>	<b>- 15</b>	<b>95</b>

	CHF m.	CHF m.
	2005	2004
<b>Contributions to staff pension funds</b>		
Statutory employee contributions	78	70
Statutory employer contributions	172	154
Commitments towards pension funds	0	314
of which secured by lien	0	313

<b>Guarantees</b>		
Guarantees in favour of third parties	57	120

<b>Insured value</b>		
Movable property	13 313	13 905

<b>Commitments from long-term rental and right-to-build agreements broken down by term</b>		
2005		331
2006	376	298
2007	369	271
2008	343	230
2009–2011	847	788
> 2011 <sup>1</sup>	1 944	

<sup>1</sup> For the first time, the 2005 accounts state the value of instruments falling due after 2011

**Currency conversion**

For the purpose of translating annual accounts in foreign currencies the following exchange rates were used:

Year-end rates for the balance sheet		
EUR	1	1.550
HKD	1	0.170
USD	1	1.315
GBP	1	2.260
JPY	100	1.115
Average rates for the year for the profit and loss account		
EUR	1	1.548
HKD	1	0.161
USD	1	1.253
GBP	1	2.268
JPY	100	1.325

Derivative financial instruments	Contract value		Replacement values			
			positive		negative	
	2005	2004	2005	2004	2005	2004
Interest	90	90			2	2
Currencies	156	109	1	1		
Other deriv. financial instruments (commodities, equity securities)	479	238	3	2	2	1

Affiliated companies	CHF m.	CHF m.
	2005	2004
Operating income	68	
Operating expenses	75	



## Scope of consolidation

as at 31.12.2005		Percentage held by Group	Nominal capital CHF m.	Basis <sup>1</sup>
<b>Coop</b>	<b>Basel</b>			
Alcoba Distribution SA	F-Strasbourg	50.00	€ 3.0	F
Bell Holding AG	Basel	60.54	2.0	F
Bell AG	Basel	100.00	20.0	F
Bell Finance Limited	GB-Jersey	100.00	0.1	F
Centravo AG	Zürich	25.10		E
Frigo St. Johann AG	Basel	100.00	2.0	F
GWI Geflügel- und Wildimport AG	Basel	100.00	2.0	F
Maurer Frères SA	F-Kingersheim	50.00	1.5	F
SBA Schlachtbetrieb Basel AG	Basel	48.00		E
Betty Bossi Verlag AG	Zürich	50.00		E
BG Rosengarten Solothurn AG	Solothurn	62.00	0.1	F
CAG Verwaltungs AG	Basel	100.00	1.0	F
Centre de formation "du Léman"	Jongny	100.00	0.0	F
Coop Bildungszentrum	Muttenz	100.00	0.4	F
Coop Immobilien AG	Bern	100.00	855.4	F
Complexe de Chêne-Bourg-A SA	Chêne-Bourg	100.00	0.1	F
Complexe de Chêne-Bourg-C SA	Chêne-Bourg	100.00	0.1	F
Complexe de Chêne-Bourg-D SA	Chêne-Bourg	100.00	0.1	F
Coop Mineraloel AG	Allschwil	51.00	10.0	F
Coop Switzerland Far East Ltd.	HK-Hongkong	100.00	0.0	F
Coop Vitality AG	Bern	51.00	5.0	F
EPA AG	Zürich	100.00	40.0	F
Eurogroup SA	B-Bruxelles	50.00		E
Eurogroup Far East Ltd.	HK-Hongkong	33.30		E
HiCoPain AG	Dagmersellen	40.00		E
Panflor AG	Zürich	100.00	0.1	F
PG Immobilien SA	Basel	100.00	2.5	F
Toomax-x Handelsgesellschaft m.b.H.	A-Klosterneuburg	25.00		E
Toomax-x Handelsgesellschaft m.b.H.	D-Köln	25.00		E
transGourmet Holding AG	Basel	50.00		E
transGourmet Schweiz AG	Moosseedorf	100.00	20.4	F
Prolix Informatik AG	Heimberg	30.00		E
Grossopanel AG	Stans	39.80		E
Valentin Pontresina AG	Pontresina	50.00		E
growa.com ag	Moosseedorf	100.00	0.1	F
howeg.com ag	Moosseedorf	100.00	0.1	F
PRODEGA AG	Moosseedorf	100.00	0.1	F
transGourmet AG	Basel	100.00	0.1	F
transGourmet France SAS	F-Orly	100.00	€ 153.6	F
Aldis Service Plus SAS	F-Orly	100.00	€ 153.6	F
Prodirest SAS	F-Orly	100.00	€ 1.8	F
Ewocash SA	F-Guémar	100.00	€ 1.5	F
TT Immobilien AG	Oberentfelden	100.00	10.0	F
Waro AG	Basel	100.00	0.1	F

<sup>1</sup> 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, statement of changes in equity and notes) of Coop Group reproduced on pages 92 – 109 for the year ended December 31, 2005.

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

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

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

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

PricewaterhouseCoopers AG



Dr. R. Gerber



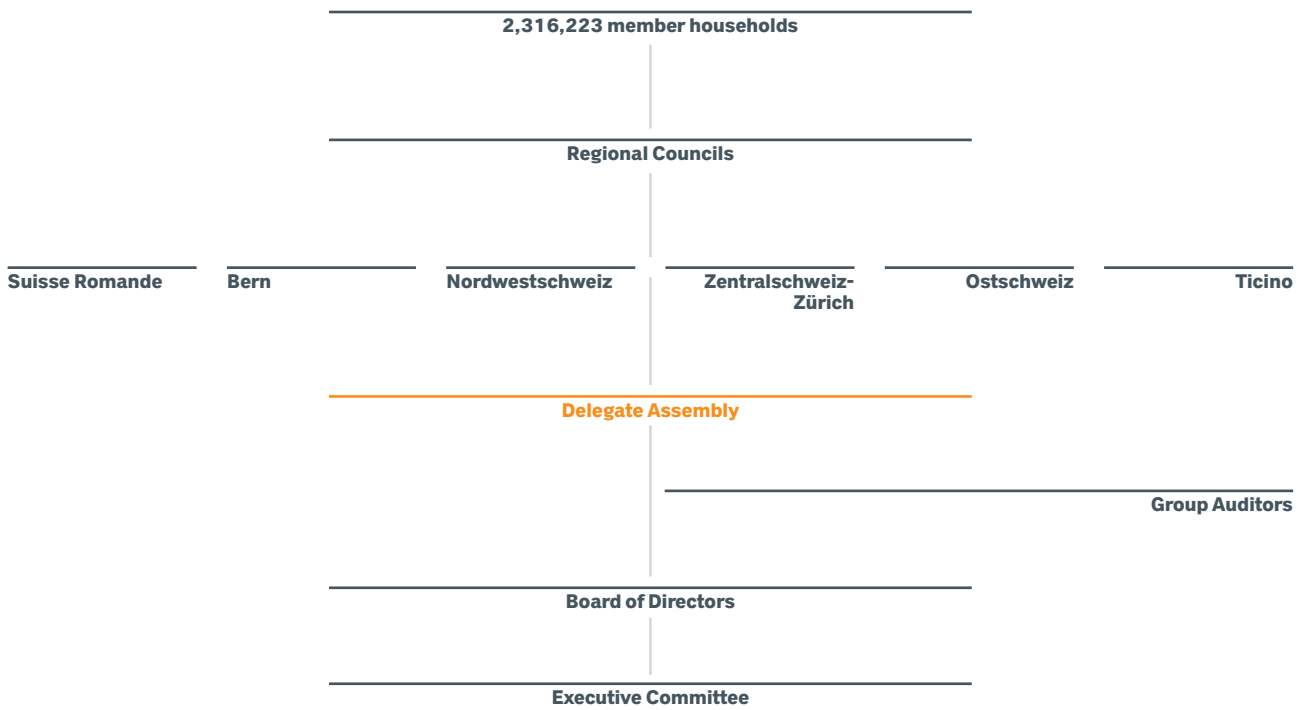
M. Rist

Basel, March 2, 2006

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## Executive bodies

As at 1 January 2006



## Delegate Assembly

The following members of the Regional Committees constitute the Coop Delegate Assembly (as at 1 January 2006).

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

## Board of Directors

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### Board of Directors

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Stefan Baumberger

---

Silvio Bircher

---

Anton Felder (Chairman)

---

Diego Giulieri

---

Felix Halmer

---

Irene Kaufmann (Vice Chairwoman)

---

Beth Krasna

---

Jean-Charles Roguet

---

Giusep Valaulta

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### Internal Auditing

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Franz Kessler, Head of Internal Auditing

## Management structure

As at 1 January 2006

### Chief Executive Officer

Hansueli Loosli

### Members of the Executive Committee

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

## Management

As at 1 April 2006

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### Executive Committee (EC)

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

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### Presidium of the Executive Committee Business Unit

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

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### Retail Business Unit

Hansueli Loosli, Chief Executive Officer  
Livio Bontognali, Head of OT Sales Region  
Theo Jost, Head of ZZ Sales Region  
Raymond Léchaire, Head of SR Sales Region  
Oskar Sager, Head of NW Sales Region  
Peter Schmid, Head of BE Sales Region  
Heino Peier, Head of Advertising  
Herbert Zaugg, Head of Total Store

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### Staff

Robert Joss, Head of Special Projects  
Benedikt Pachlatko, Head of Customer Programmes

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### Suisse Romande (SR) Sales Region

Raymond Léchaire, Head of SR Sales Region  
Stéphane Bossel, Head of Business Management/Controlling  
Jean-Luc Ecuyer, Head of Personnel/Training  
Patrick Fauchère, Head of Sales 2  
André Mislin, Head of Sales 1

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### Bern (BE) Sales Region

Peter Schmid, Head of BE Sales Region  
Rico Bossi, Head of Sales 2  
Bernhard Friedli, Head of Business Management/Controlling  
Pierre-Alain Grichting, Head of Sales 1  
Bruno Piller, Head of Personnel/Training

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### Nordwestschweiz (NW) Sales Region

Oskar Sager, Head of NW Sales Region  
Hans Amacher, Head of Sales 2  
Angelo Durante, Head of Business Management/Controlling  
Rolf Scheitlin, Head of Personnel/Training  
Pierre Zinggeler, Head of Sales 1

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### Zentralschweiz-Zürich (ZZ) Sales Region

Theo Jost, Head of ZZ Sales Region  
Walter Flessati, Head of Personnel/Training  
Eduard Warburton, Head of Business Management/Controlling  
Robert Weiss, Head of Sales 2  
Paul Zeller, Head of Sales 1

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### Ostschweiz-Ticino (OT) Sales Region

Livio Bontognali, Head of OT Sales Region  
Mario Colatrella, Head of Sales 3  
Hans Ernst, Head of Personnel/Training  
Henry Stamm, Head of Business Management/Controlling  
Karl Sturzenegger, Head of Sales 1  
Bruno Veit, Head of Sales 2

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### Trading Business Unit

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

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### Department Stores

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

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### Building & Hobby

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

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### Interdiscount

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



**Marketing/Purchasing Business Unit**

Jürg Peritz, Head of Marketing/Purchasing Business Unit  
 Rolf Kuster, Head of CCM Flagship  
 Jörg Ledermann, Head of Controlling/Systems/Processes/Projects

**CCM Fresh Products/Restaurants**

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

**CCM Basic Foods/Beverages**

Roland Frefel, Head of CCM Basic Foods/Beverages  
 Pius Buchmann, CCM Wines/Sparkling Wines  
 Christoph Hollenweger, CCM Confectionery  
 Daniel Noirjean, CCM Savoury Snacks/Tobacco Goods/Pet Supplies  
 Markus Schmid, CCM Breakfast/Garnishes/Baking Ingredients  
 Beat Seeger, CCM Soft Drinks/Spirits

**CCM Near Food/Hard Goods**

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

**CCM Textiles**

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

**Purchasing/Stock Management Food**

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

**Purchasing/Stock Management Non-food**

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

**Logistics/IT/Manufacturing Business Unit**

Jörg Ackermann, Head of Logistics/IT/Manufacturing Business Unit  
 Leo Ebnetter, Head of OT Logistics Region (LRE)  
 August Harder, Head of IT  
 Marc Haubensak, Head of Bâlehotels  
 Hans Ludwig, Head of BE LRE  
 Rolf Müller, Head of ZZ LRE  
 Lorenzo Pelucchi, Head of Sunray Division  
 Andreas Schwab, Head of Central Functions for Logistics/Bakeries  
 Ernst Seiler, Managing Director of Eurogroup SA  
 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

**Manufacturing**

Josef Achermann, Head of Manufacturing  
 Walter Käser, Head of CWK/SCS Division  
 Beat Sidler, Head of Chocolats Halba Division

**Finance and Services Business Unit**

Hans Peter Schwarz, Head of Finance and Services Business Unit  
 Konrad Burkhalter, Head of Accounting  
 Björn Carow, Head of Projects  
 Hansjörg Klossner, Head of Controlling  
 Beat Leuthardt, Head of Finance  
 Herbert Zaugg, Head of Security/Services

**Property Business Unit**

Jean-Marc Chapuis, Head of Property Business Unit/Head of SR PRE  
 Armin Beutler, Head of NW Property Region (PRE)  
 Theo Frei, Head of Projects ZZ-OT PRE  
 Arthur Hauri, Head of Business Management/Controlling  
 Josef Hugentobler, Head of ZZ-OT PRE  
 Bruno Riedo, Head of BE PRE

## Addresses

As at 1 January 2006

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### Coop headquarters

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

**Marketing/Purchasing Business Unit**  
Jürg Peritz

**Logistics/IT/Manufacturing Business Unit**  
Jörg Ackermann

**Finance and Services Business Unit**  
Hans Peter Schwarz

Coop  
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**The Fieni family from Tremona (Ticino).**

“The choice at Coop is simply huge. That’s probably why we can never decide what to put on our shopping list.”

