

MIGROS
ANNUAL
REPORT
2008

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MIGROS
PEOPLE
FROM
0 TO 100

THEIR SECRET
TO HEALTH

FOREWORD

This year's Annual Report is devoted to the theme of health. This is not just Migros jumping on the "wellness" bandwagon. Health has been a concern of Migros since its founding, and Gottlieb Duttweiler was a pioneer in the field. The commitment to the "promotion of public health" is even included in the Migros company statutes.

Health is everyone's business. When we meet, the first thing we ask is: "How are you?" And when we wish each other "health, wealth and happiness", the implication is clear: health is the first in all philosophical considerations of human existence. For all of us, health is the key to a happy life.

But what does "health" mean anyway? This has never been more hotly debated than today. Health is far more than just the absence of disease. It is about quality of life, good nutrition, movement, prevention, psychosomatic factors, ecological awareness – it covers a broad spectrum.

The multifaceted nature of this subject is reflected in the Migros range. It can be seen in the products of our particularly healthy labels, such as "Actilife", "Bio" and "TerraSuisse". It is also clear in our commitment to the organically produced "Eco", "MSC" and "FSC" labels. Its spirit infuses our programme of Club Schools, Activity Holidays, Fitness and Golf Parks – space does not allow us to list everything Migros does for health. Public awareness is important, too, and here Migros is just as much a pioneer as it ever was.

Everyone deals with the subject of health in their own way. That is why the individual is at the heart of this Annual Report. Not just one individual, but 101!

We selected these individuals with care. We looked everywhere in Switzerland: in the mountains, in the cities, in the countryside, among all professions and social groups, among all ages. And we came with just one question: what does health mean to you?

The responses were dazzlingly diverse. Every biography reveals its own highly personal conception of health. Some are sports-minded, some emotional, some intellectual, some artistic, some ecological, some philosophical.

According to the Bible, “the days of our life are three score years and ten, or if we have strength, four score”. That has changed. Sometimes, life lasts a 100 or more years, as it has for Hans Erni. A whole century separates him from Isabella Braumandl, who was just born in Zurich.

This, then, is the range of our Annual Report. We visited 101 people in their current phase of life, moving chronologically from the newborn to the 100-year-old. A colourful selection of highly personal views on the subject of health.

Six wonderful photographers took their portraits. The individual photographs are impressive. But as a whole, they make up a panorama of the zest for life, a kaleidoscope of human existence.

0-100
YEARS

A PANORAMA
OF LIFE.

PHOTOGRAPHED BY:

JESSICA BACKHAUS

LINUS BILL

PIERLUIGI MACOR

KURT MARKUS

RICO SCAGLIOLA &

MICHAEL MEIER

ISABELLA BRAUMANDL
BABY

Isabella lived in the dark for nine months before she first saw the light of day – and laughed.
Her diet consists of the oldest food in the world: breast milk.
Tomorrow she'll have her first bite of organic rice.

0
YEARS



1
YEAR

ELIOT BILL
SPINACH EATER

Eliot still can't say much about nutrition.
He only knows four words:
dada, mama, yum-yum and bath time.
And he uses all four whenever mum and dad make spinach for dinner:
"yum-yum" ... and then "bath time!"



CHRIS RUI KNIE
ELEPHANT TAMER

2
YEARS

“Mapi!“... (Note: The grandson of circus director Franco Knie is multilingual: his mother speaks to him in Chinese and his father in German and English. Mapi is the pet name of the elephant Chris gets to lead around the ring sometimes.)



3
YEARS

PRIYANKA RAO
ARTIST

“That is the lion, this is the mouse, onions, big pumpkin.
Play with the pumpkin. Eat dal.”

(Note: Dal is a lentil stew eaten with rice and vegetables –
and Priyanka’s favourite food.)



LIVIA GIANNINI
FAIRY GODMOTHER

"I'm the dog's fairy godmother. The dog's name is Gioia.
I visit him on the farm. One time I found potatoes in the ground.
And radishes."

4
YEARS



5

YEARS

ADAH-LYNN LANFRANCONI
CHESS PLAYER

“The knight moves like an ‘L’.
The rook goes straight as far as he wants.
The pawn can only attack diagonally.
I love playing chess.
My great-grandfather showed me how.”



CARLA KELLER
DOUBLE-BASS PLAYER

6
YEARS

“I’ve always wanted to play the double bass, since I was one, I think. It sounds so beautiful, so deep. My arms are still a little short for some positions, but I can reach the fourth one all right. My mum also plays the double bass. My favourite song is the ‘Dance of the Gnats.’”



NOEL AND NILS LÜTHI
SWISS FOLK WRESTLERS

“Willi Graber is good. Jörg Abderhalden. Christian Deck. Matthias Sempach.
Yeah, we know the names of all the champs. We always go to the folk wrestling tournament.
We wrestle during the breaks too. Or at home on our bed.”



Yael Meier
SNOW BUNNY

8
YEARS

“We live in the Bärghüsli (small chalet). It snows a lot there in the winter.
I love to run barefoot through the snow, it’s fun! The other day it snowed and I went to school barefoot.
The teacher said that I have to bring my shoes next time.
I’m used to the cold. It’s funny, because other kids often get colds – but I never do.”



9

YEARS

ANTHONY KRÄHEMANN
MOTOCROSS RACER

“I have to do knee exercises. For my muscles. Drive my motorbike.
Kick-start the engine. Work on my bike.
I can take out the carburettor. And the pistons. I drive fast.”
(Note: Anthony has a motocross racing licence for the 50 ccm class.)



MALIK IDDRISU
PUPIL

10
YEARS

"I like to eat pizza, but I also like to eat food from Ghana like jollof. That's rice with tomatoes. My mother always says: 'Don't gobble it down so fast, eat more slowly.' My dad lives in Ghana. I write him sometimes. I want to be a writer some day."



11

YEARS

JANICE VRIJHOF
HIGH DIVER

"I believe in God and that helps me a lot. Like when I am standing on the diving board and am afraid to jump off, then I pray: 'Dear God, I need your strength now, please help me do a good dive.' God is my best friend."



SARAH FURRER
BALLET PUPIL

12
YEARS

"I started going to the ballet school at the opera two years ago. I want to become a ballerina when I grow up. It's really important to have a healthy diet when you dance a lot. But I'm lucky because I just don't gain weight, even when I eat chips."



13

YEARS

MATTIA PANTALEO SKATER

"I almost never walk anywhere, I always go on my skateboard. Whether I go to school, go shopping, visit friends or go to the skatepark. And when I put on my headphones and listen to AC/DC or Iron Maiden, then I feel really free."



EDMUND KENNY
MUSICIAN

14
YEARS

“I’m a night owl. I love going to clubs and DJing at night.
I wish I could sleep until noon every day, but I have to go to school.
Keeping fit isn’t really something I’m into, to be honest. But maybe that’ll change.
Okay, I don’t smoke. Even though that’s part of a rock star’s image.”



15
YEARS

ANATOLE COMTE
FENCER

“I always keep some fruit in my fencing bag in case I get hungry during practice.
Fruit that you can eat quickly, like tangerines or bananas.
Before tournaments I also drink an ‘Actilife’ protein drink.
It gives me energy.”



LEONIE HÄSLER
MODEL

"I always take off my make-up before I go to bed. Otherwise I get spots.
My skin is also better when I eat lots of salad and fruit. But, of course,
I'm not a perfect angel all the time. I sneak in some chocolate every now and then."

16
YEARS



17

YEARS

DENIS KLÄFIGER
BOARDING SCHOOL PUPIL

“My hero is the Lady of the Lake from the legend of King Arthur. She is alone. She doesn't have anyone who loves her. She is proud. She never gives up, even when she's hit bottom. I love mysticism. I always have silver highlights in my hair. We should honour the earth, for it is she who gives us life.”



MERLIN LÖSCHINGER
BATMAN

18
YEARS

“The fans call me ‘Batman’ because I fly across the court.
I’ve played with the Harlem Globetrotters and could have become famous in America –
but I decided not to. Because of love. I stayed with my girlfriend in Switzerland.
I’ve never regretted the decision, even though it wasn’t easy to find an apprenticeship here.
In my life love takes priority. It heals all.”



19

YEARS

JETON SHALI
NUTRITIONIST

"I love to cook. And my friends say I cook really well. Cooking isn't stressful for me. On the contrary, I think it's really fun. And then you get to share a common experience when you eat together and talk about everything under the sun - it's wonderful. That's why I've made the art of healthy eating part of my career."



LOTTI HAPPLE
ACTRESS

20
YEARS

"I love water in every form.
I remember when we were little how we always used to get excited when it began to rain.
Then we'd run outside and strip down to our underwear and everyone
would shriek for sheer joy."



21

YEARS

ANDREA HEINZER NURSE

“I’m standing here with Nägeli, our best cow. Well, I’m actually a nurse in a hospital, where I work every day. But when I’m free, I spend as much time as possible at my uncle’s place up in the mountains. I grew up on his farm. Fresh milk from Nägeli - there’s nothing better.”



GABRIEL VETTER
PLAYWRIGHT

22
YEARS

“I really like to sleep, in fact almost every day. There are people who only sleep four hours at night and are fine the next day. And then there are people who need to sleep for twelve hours. Right now I’m trying to find the perfect amount of sleep for me. It looks like I’ve settled into about six hours.”



GREEN LIGHTNING
CHEERLEADERS

“We all happen to be 23 years old:
Karin, Esther, Patty, Marion, Sibylle and me, Stephanie. Our team is called Green Lightning.
We are the only cheerleaders in Switzerland to support a football team.
We cheer on the FC St. Gallen. Our show is a combination of dance, acrobatics and gymnastics,
so we have to stay fit. We aren't the Swiss champions for nothing.”



SIMONE GERSTER
ARCHITECT

24
YEARS

“The arrow has to hit a tiny, golden circle that’s just 10 centimetres wide from a distance of 90 metres.
That’s the pinnacle of discipline. And it requires the utmost concentration.”



25
YEARS

ROLAND KINDLIMANN
JOURNEYMAN

“Always on the road, around the world. That’s an age-old tradition for us carpenters: the years of apprenticeship are years of travel. I’ve been to New Zealand and now it’s time to hit the road again. Just get on the train, get off somewhere, look for work. Carpenters are needed everywhere. Staying on the go really keeps you fit.”



YOHANNA SCHWERTFEGER
ACTRESS

26
YEARS

“To swim in a lake and rejuvenate body and mind. For me water is something that cleanses the soul.
You feel completely different in water, maybe because it is a different element.
Lucky for me I live near a lake. In winter I go to the sauna before I jump into the ice-cold water.”



27
YEARS

HEIDI HAPPY
MUSICIAN

“Always use a lid when cooking. Don’t spend too long in the shower.
Don’t turn the heat up too much.
They are all little things, but they help the environment.
My fitness formula: to carry all my luggage and use public transport
when I travel to my concerts.”



ZOÉ MIKU
YOGA INSTRUCTOR

28
YEARS

“This is the scorpion pose. It opens the heart and increases circulation in the entire body. It’s not something for beginners. My advice to everyone: concentrate on your breathing! You should take deep, even and regular breaths.”



29
YEARS

ANJALI KESHAVA
DANCER

“Dancing gives me new energy. Bharatanatyam, the South Indian temple dance, has a very positive effect on body and soul. Both of my parents are temple dancers, so I have been dancing since I was a child. For me, dancing is a way to both relax and generate energy.”



VIET DANG
HIP HOP DANCER

“Before I perform, I eat noodle soup or fish, only light meals.
I don’t smoke and I don’t drink alcohol because it weakens the body.
I can’t even stand it when people smoke near me.”

30
YEARS



31
YEARS

MARIETTA KIPPALAM
FASHION CONSULTANT

“I recently read an interesting book called ‘Eating Right for Your Blood Type’. Depending on your blood type, you are supposed to eat or not eat certain things.

People with type A, for example, shouldn’t eat meat because they can’t digest it easily. Type O can eat meat and even drink beer. Anyway, I drink a glass of warm water with fresh lemon juice first thing in the morning. It puts me in a good mood.”



CARINA KÜMMEKE
ARCHITECT

“I’ve been listening to Mozart a lot since I got pregnant. It’s supposed to be good for the baby. They say piano concerts will make children intelligent. I don’t know if that’s true, but they certainly are relaxing.”

32
YEARS



33
YEARS

MISCHA PALMERS
GRAPHIC DESIGNER

“Wild game is the healthiest type of meat. There is no better way to raise animals than in the wild. When you look at all the things a hunter has to do during the year, the time actually spent hunting is the shortest. Most of the time is spent feeding and looking after the animals.”



BEAT WIGGER
HEALER

34
YEARS

“Nature has given us so many precious gifts, we only have to learn to recognise them. I make oil out of St John’s wort, it’s good against depression. Or burning different mixtures of herbs for example. Juniper is good for cleansing rooms to burn off bad energy. It works best if you use a little mugwort too. It’s really good to burn cleansing herbs when you move into a new flat.”



35
YEARS

DANIEL SCHMOCKER
HIGHWAY SURVEYOR

“It takes a lot of strength to toss a caber. It weighs 43 kilos and is more than 5 metres long.
Last year I took third place at the Swiss Championship.
You can't do that if you don't eat right. Before the competition I drink 'Actilife'
protein and carbohydrate drinks and have a Farmer muesli bar.”



PETE RÜTTENER
LIFEGUARD

36
YEARS

“People always think lifeguards just sit on the edge of the pool and look at the pretty girls. And people really think that about me because I was recently a finalist in the ‘Hottest Lifeguard in Switzerland’ contest. But in reality it’s hard work being a lifeguard. You have to do maintenance work on the machines, keep up the garden, do the cleaning, and a lot more. That’s what keeps me fit.”



37
YEARS

ANATOLE TAUBMAN
ACTOR

“Aproz water. Sour cream yoghurt by M-Dessert, Passaia. I just don’t know where to begin. I’m a dedicated Migros fan. I grew up with Migros. Every time before I fly to Berlin, where I live now, I always take a bag of things from Migros. The fresh food department is amazing. I especially recommend the carrot and ginger salad.”



ELIANE SPILLMANN
HOUSEWIFE

38
YEARS

“My favourite food is cheese fondue. Sometimes I even make it several times a week. So I don't gain weight I always do plenty of 'laps' around the fondue pot with my skewer. That's my form of exercise.”



MARIO WASER
HOTEL TECHNICIAN

“Don’t turn up the heat too high! That’s my trick. I think that’s why I never get sick.
In winter, my living room is never warmer than 14 degrees, that’s enough.
Gino, my best friend, appreciates it, too. He’s a husky.
Then we snuggle up to the wood stove and make ourselves comfortable.”



BRUNO RISI
RACING CYCLIST

40
YEARS

“A balanced diet, that’s my motto. Protein from fish or meat, carbs from pasta, for example, and then salad or veg. All together you’ve got a healthy meal. If you know you’re going to be pushing your body to the limits – like with the Berlin Six-Day Race, where I easily burn 8,000 calories a day – then when you eat is also important. I eat three hours before the race to give my body a chance to digest the food first.”



41

YEARS

RAPHAEL BRAND
PERSONAL TRAINER

“Most people have put up a kind of protective wall, and that’s by all means necessary in the very performance-orientated work lives we lead these days. But you should also be able to discard this outer layer in your free time, just like you take your coat off when you come home in the evening. That’s what I aim to do with my work. Not to be afraid of being vulnerable again. Vulnerability isn’t a weakness, it’s a strength.”



RENÉ LAUPER
DISTRICT FOREST WARDEN

42
YEARS

“I always recommend Forest Stewardship Council wood. The label guarantees that the wood comes from forests which are managed ecologically. The forests are a precious commodity. In our part of the world, they are the most important producers of oxygen.”



SUZANA SENN
LUCKY CHARM

“I love life, children and animals. I have a happy, healthy family. Because I am so lucky, I am committed to helping people who aren’t as fortunate. Each day is filled with the many charitable projects that I am involved with. That fulfills me. I like to laugh.”



DANIEL WISMER
MOUNTAIN FARMER

44
YEARS

“Most people only know the yak from doing crossword puzzles:
Himalayan bovine with three letters.
I saw my first yak 20 years ago in Tibet.
Now we have 55 on our farm in the mountains.
Yak meat is very healthy because
it’s so lean and has little cholesterol.”



45
YEARS

MARKUS NEFF
MICHELIN STAR CHEF

“A healthy menu that will score highly if prepared right: to start, I recommend something light, such as fish tartar. Then for the main course, poulard in a salt crust, easy to digest, especially in the evening. And for dessert, poached pears on chocolate mousse – without granulated sugar.”



DIEGO SCHMOCKER
BIKE COURIER

46
YEARS

“Day in, day out, you can always find me on my bike. Summer and winter. We bike couriers tend to call extreme bikers like that ‘cyclosexual’. Some days I ride 100 kilometres. In the city. The feeling of gratification it gives me is like nothing else. In my free time, I go jogging and swim. Not to mention I boxercise.”



47
YEARS

FRANÇOIS BERTHOUD
ARTIST

“Artists usually live pretty unhealthy lives. Too much coffee, too little sleep and so on. And I’m no exception. But one day I realised that this lifestyle is a type of self-destruction. I began to pay more attention to my body. Which things were good for it? Which things weren’t so good? Since then I make sure to eat well. I carefully plan my meals before I cook. I just feel better that way.”



FRANCES BELSER
ARTIST

48
YEARS

“99 percent fish, 1 percent cervelat sausage. Okay, I’m exaggerating a little, but it’s not far from the truth. Fish is the cornerstone of my diet - whitefish, perch, trout, sometimes salmon or tuna. And I can always eat oysters. Then there’s sausage. I could actually eat sausage all the time, but too much just isn’t healthy. That’s why I treat myself to a cervelat only once in a while.”



49
YEARS

DOROTHÉE VOGEL
FASHION DESIGNER

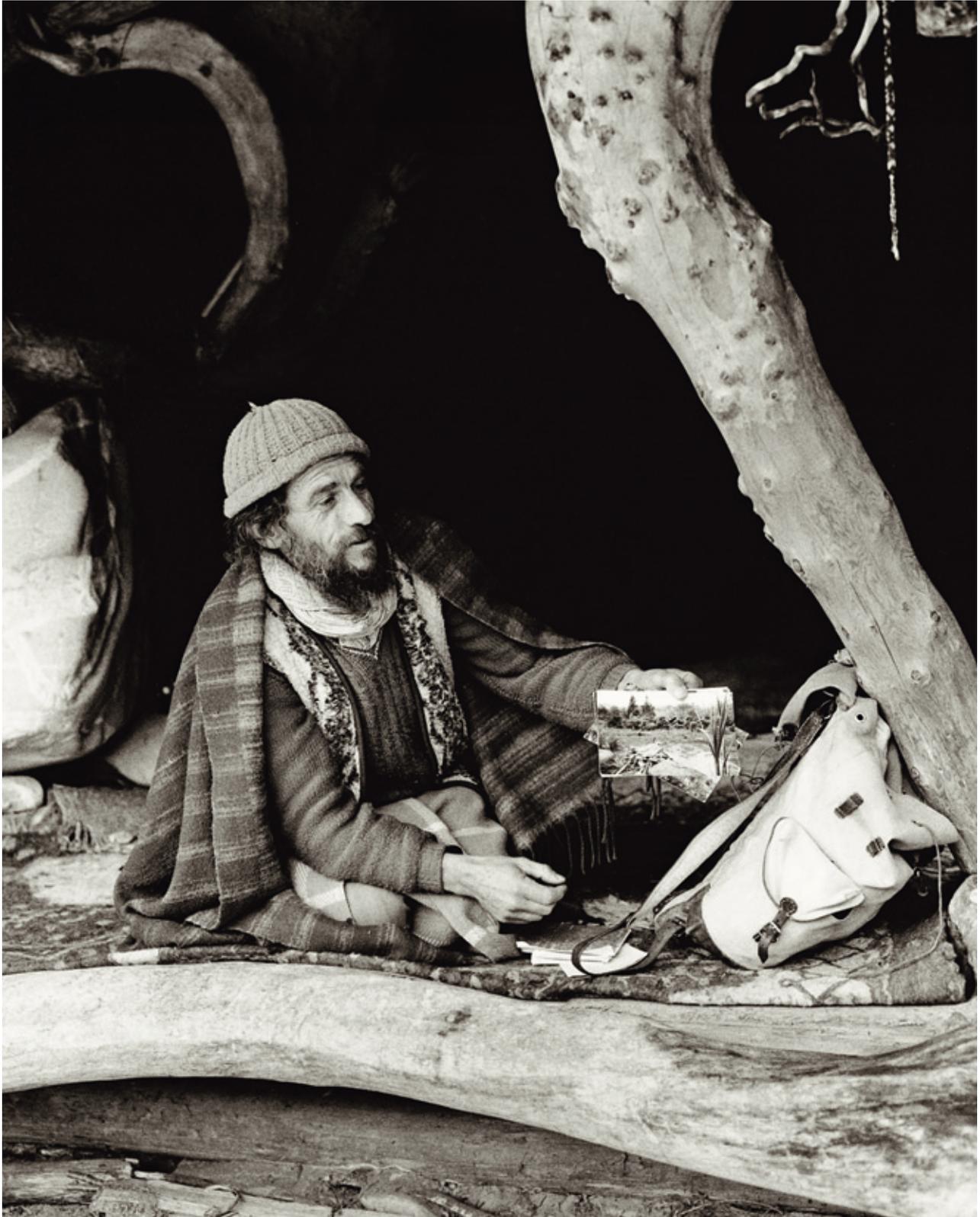
“I love to go running in the woods. Best early in the morning.
In the spring, when the sun is just coming up, you can see all the way
to the mountains, which are sometimes perfectly silhouetted against the sky.
That puts things into perspective, also in my work.”



CHRISTOPH TRUMMER
HERMIT

50
YEARS

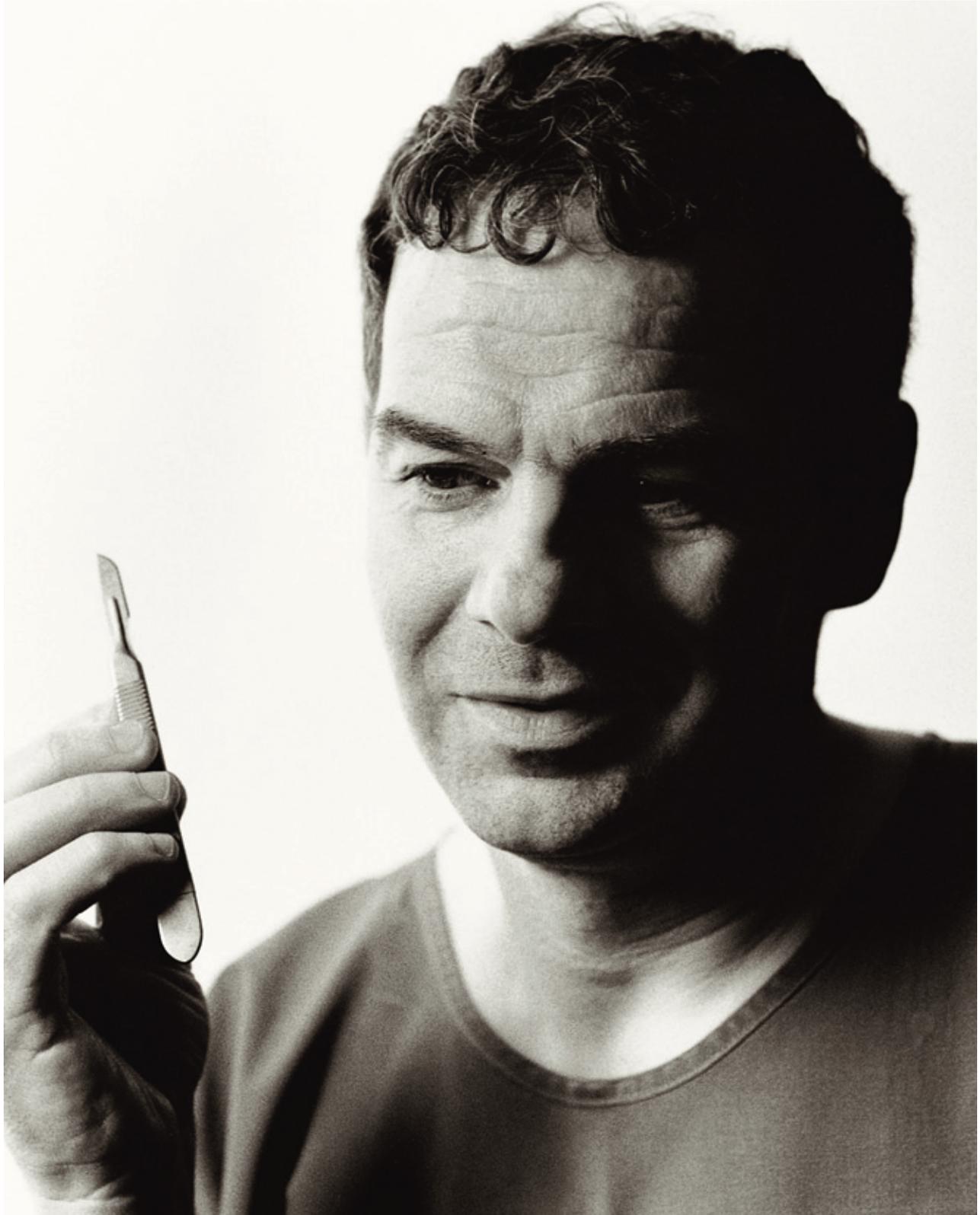
“My life is a boy’s dream come true. I live in a little house I built out of stones, cow dung and driftwood. It’s in a creek bed near Adelboden, in other words, far from civilization. When I drum at night, not a soul can hear me. The creek is my bathtub. I’ve lived like this for over 20 years now. I don’t need more than 150 Swiss francs a month. I get my food from my garden.”



51
YEARS

RENÉ PRÊTRE
HEART SURGEON

“If I could choose how to die, then I would choose to die from a heart attack. That may sound strange from someone who fights every day to save other people from dying this way, but I think it is the best way to die. Bang, dead. No long suffering, no loss of dignity. You live, and the next moment you’re dead. But just not too soon, please!”



ANNE MARFURT
DESIGNER

"I'm lucky that I live on the fifth floor and go up and down the stairs ten times a day.
In addition to that, I use Migros fitness centres."

52
YEARS



53
YEARS

LINARD BARDILL
WRITER

“To be in synch with the time and space in which I live.
To say ‘yes’ to the possibilities given to me in life. To be in touch with my inner stillness and strength.
To be at one with all things. That is what health is all about.”



ROLF BEELER
ARTISAN CHEESEMAKER

“Cheese is a wonderful product of nature.
And the making of cheese is based on natural processes.
There are around 4,000 mould varieties, only three of which are harmful –
the others are harmless or even healthy.
The mould in Roquefort, for example, is related to penicillin.”

54
YEARS



55
YEARS

MARIO DAL PONT
BUSINESSMAN

“Whenever I’m in the office and need a moment’s relaxation, I do yoga.
Kapalbhati is very good. It’s a breathing exercise, also known as ‘Breath of Fire’.
It clears the head. I feel as fit as a 25-year-old.”



BRIDA VON CASTELBERG
GYNAECOLOGIST

“Riding my scooter to work is just plain fun.
And I believe that if something is enjoyable, it’s good for your health, too.
No, of course I don’t mean drinking a whole bottle of liquor, not that.
But you’ve got to have fun in life!”

56
YEARS



57
YEARS

URS SCHAUB
DIRECTOR

“As Shakespeare said, ‘abstinence engenders maladies’.
A sentence worth thinking about.
It always strikes me that the people in those health-food
restaurants often look a little ill.”



CHOW KOK YENG
KUNG FU MASTER

58
YEARS

“Here’s a little exercise you should do in the mornings after waking up. Stretch out your arms and swing them in circles in front of your face. Circles as wide as you can reach. Thirty times in one direction, thirty in the other.

When you’re doing it, touch the roof of your mouth with your tongue and breathe through your nose. Breathe from the bottom of your stomach and not from your lungs. In China, this exercise is called the ‘windmill.’”

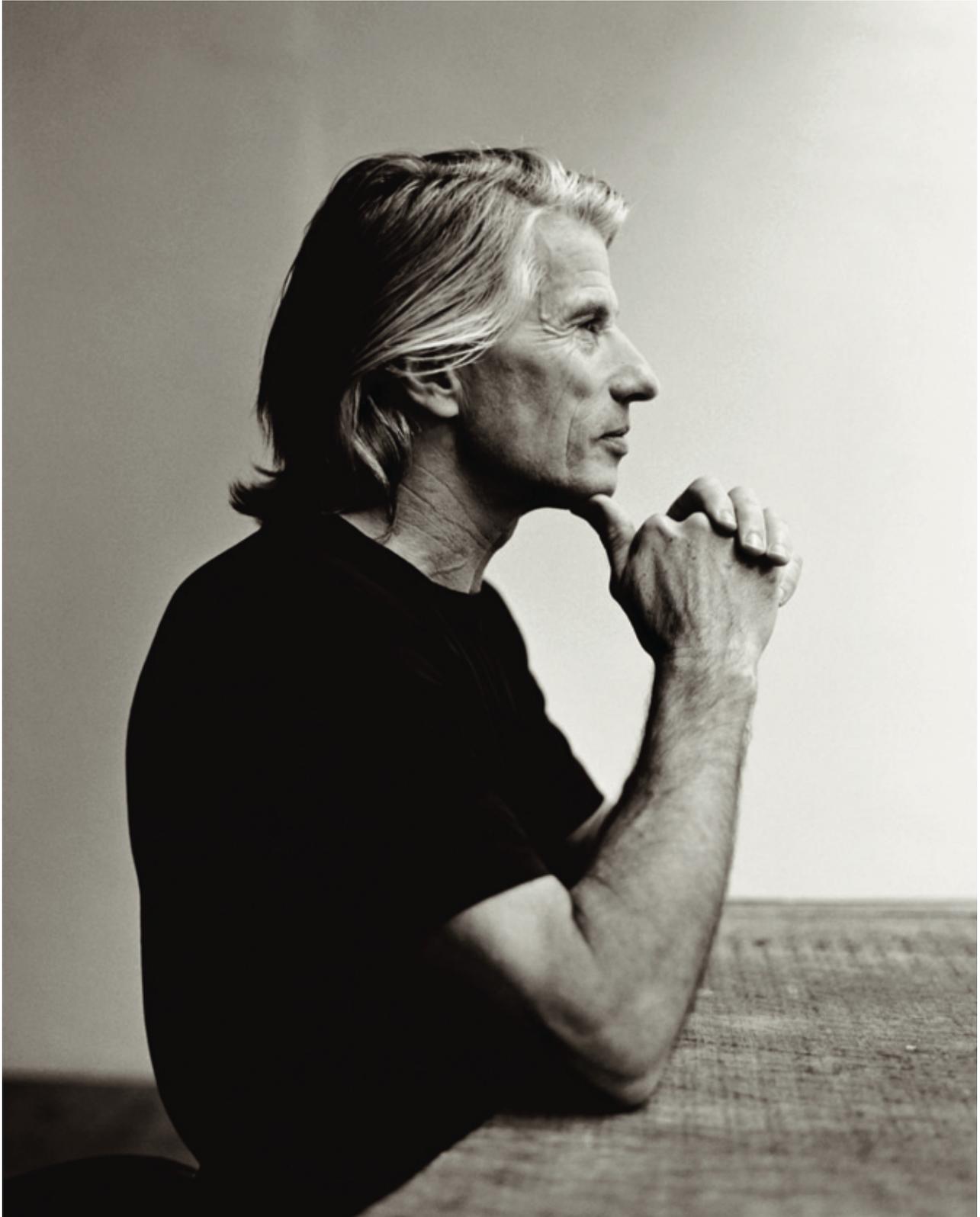


59

YEARS

FREDI MÜLLER
ENTREPRENEUR

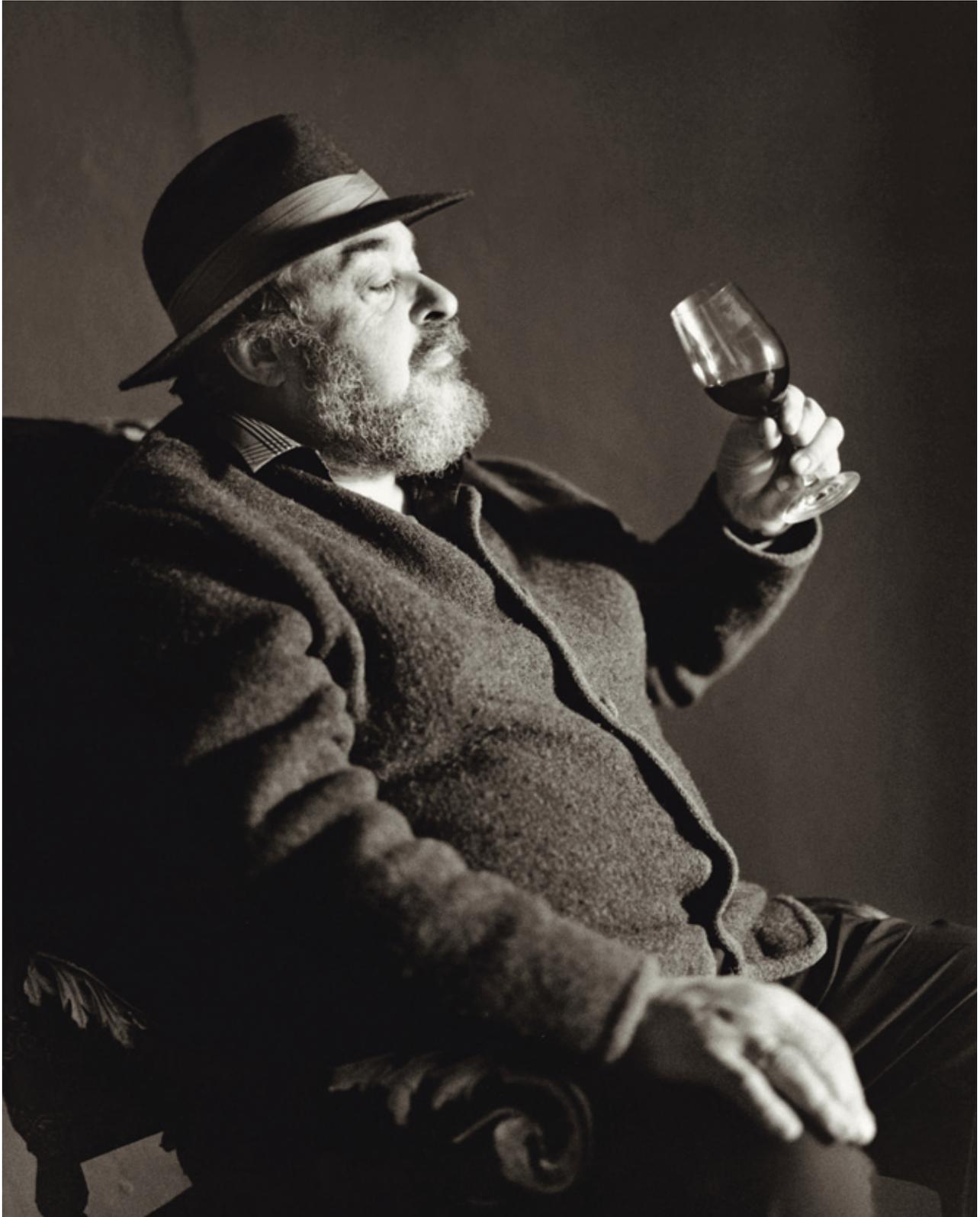
“Happy go lucky! That’s my motto.
A happy person also has a happy body.”



GIAN BATTISTA VON TSCHARNER
WINEMAKER

60
YEARS

“Wine tastes best in the early mornings, when the senses are still receptive. I’m talking about wine tasting, of course. But not until lunch do I allow myself to have more than a good drop of wine. Bread and wine go together, and not just since the Bible. Wine is an outstanding cultural product, and that is always healthy.”



61

YEARS

ROLF PFEIFER
PROFESSOR OF COMPUTER SCIENCES

“Why do we want to be healthy? We want our bodies to be healthy so we can do fun things. Am I not right?”



JOSEF HOCHSTRASSER
PRIEST

62
YEARS

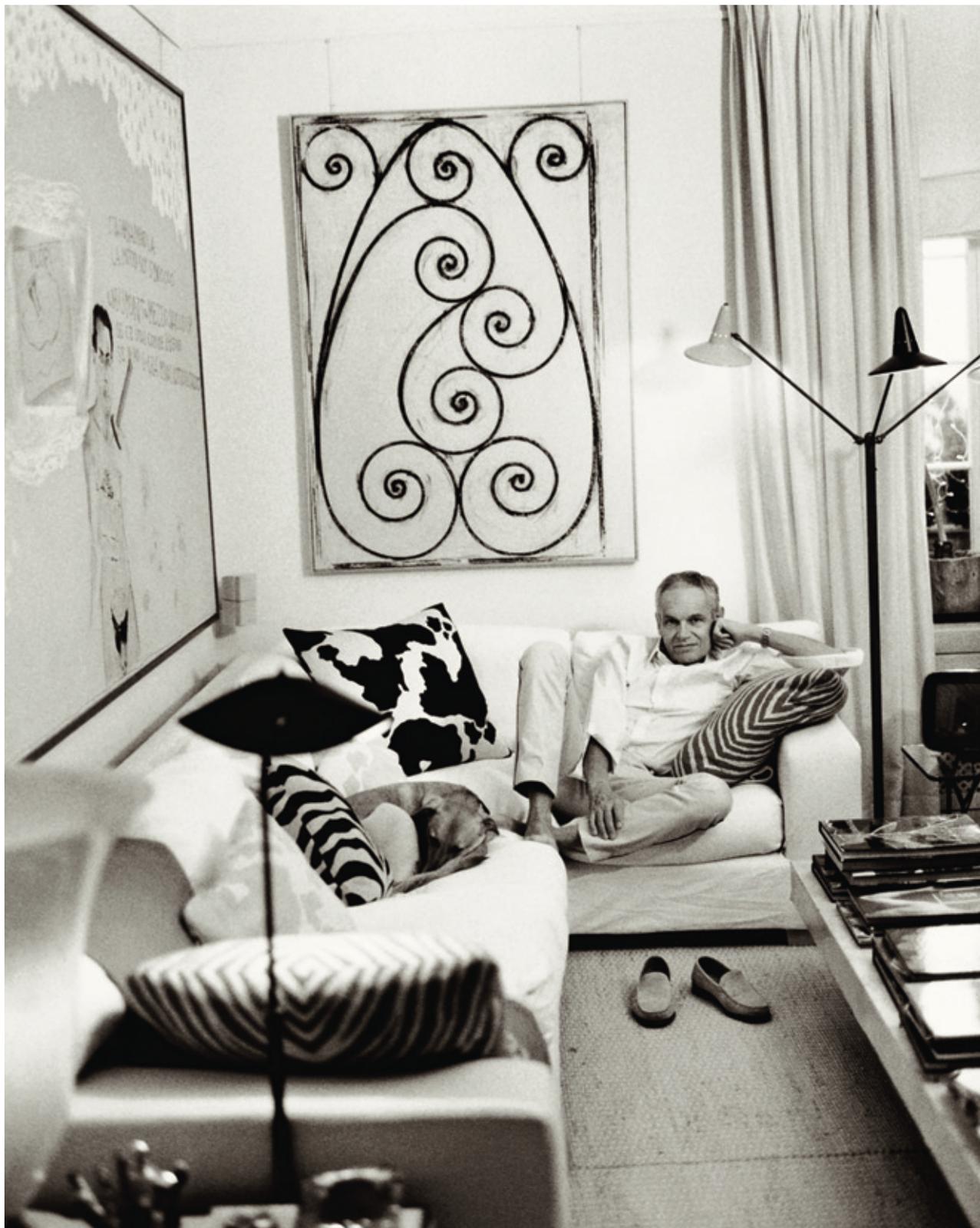
“As a young man, I wasn’t sure what career path I should take. For me there were just two options: sports instructor or priest. I chose the church, but sport is still my great passion. I even play football every Saturday. Happiness in life depends on two things: taking care of the soul - that’s religion, and of the body - which is sport. I believe in the healing effects of the balance between body and soul.”



63
YEARS

THIS BRUNNER
FILM CONSULTANT

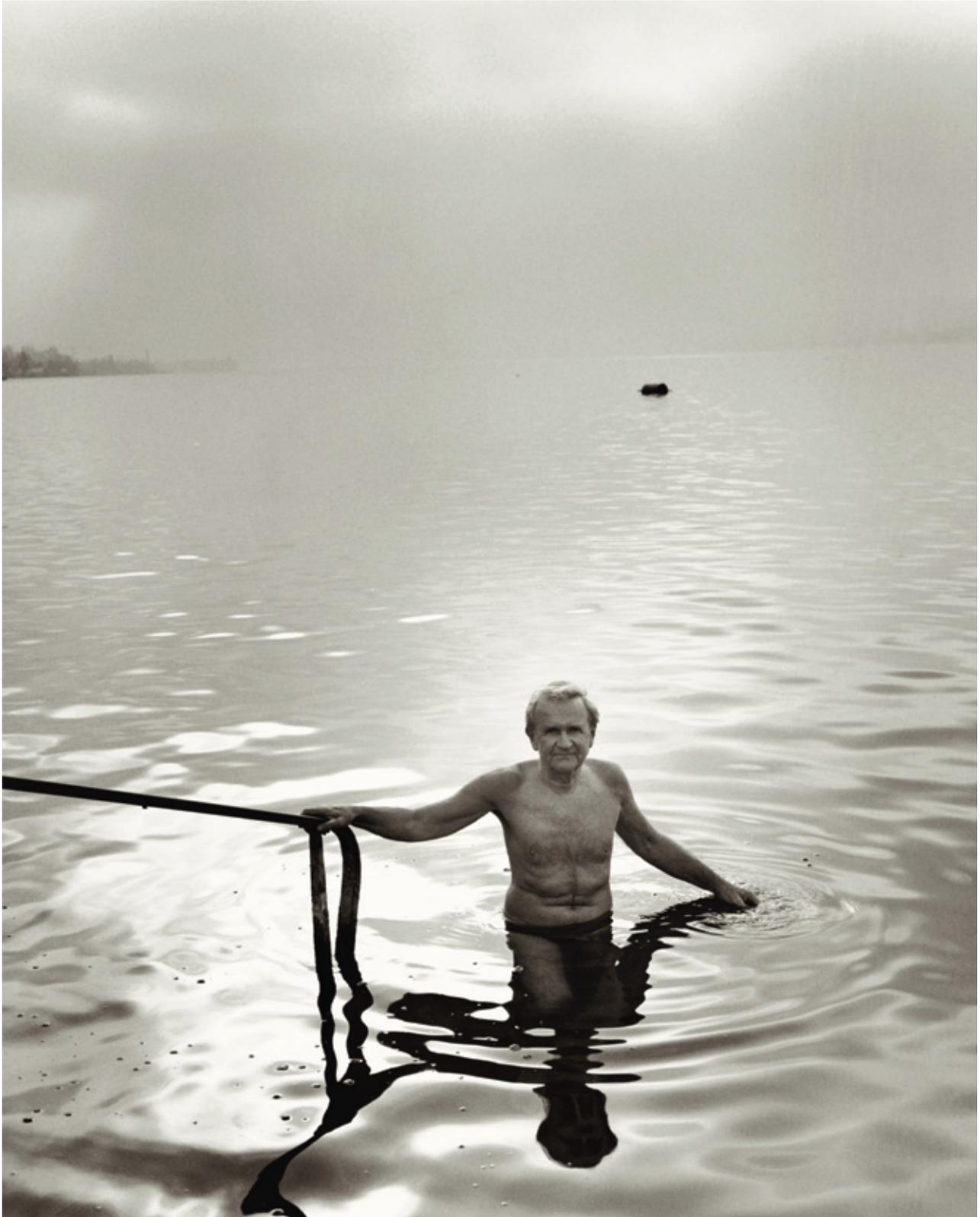
“My dog Lumpi, he’s my personal trainer. He makes me take walks regularly. Not too slow, because that won’t make me any fitter, but not too fast either, because then I’d look silly. But at home, Lumpi has the opposite effect on me – he is extremely calming.”



JÖRG KRAL
ARCHITECT

64
YEARS

“Cold showers, that’s how it started.
Once I noticed the good it was doing to me, I decided to jump into the lake in winter.
I swim for about 10 minutes in ice-cold water, a couple of times a week.
I haven’t been ill since.”



65
YEARS

TILLA THEUS
ARCHITECT

“Snowshoeing. It reminds me of my childhood, when we tied our climbing skins under our skis and climbed the mountains. Snowshoes enable me to wander away from paths which are full of people. I can be completely alone with nature.”



LAMA TENZIN
MONK

66
YEARS

“I live in a Tibetan monastery in Switzerland.
We almost always eat the same: rice and vegetables at lunch, and mostly noodle soup in the evenings.
As a monk, I don't need any more. Nor do I need a very varied menu.”



67
YEARS

ERNA HOELTSCHI
STYLIST

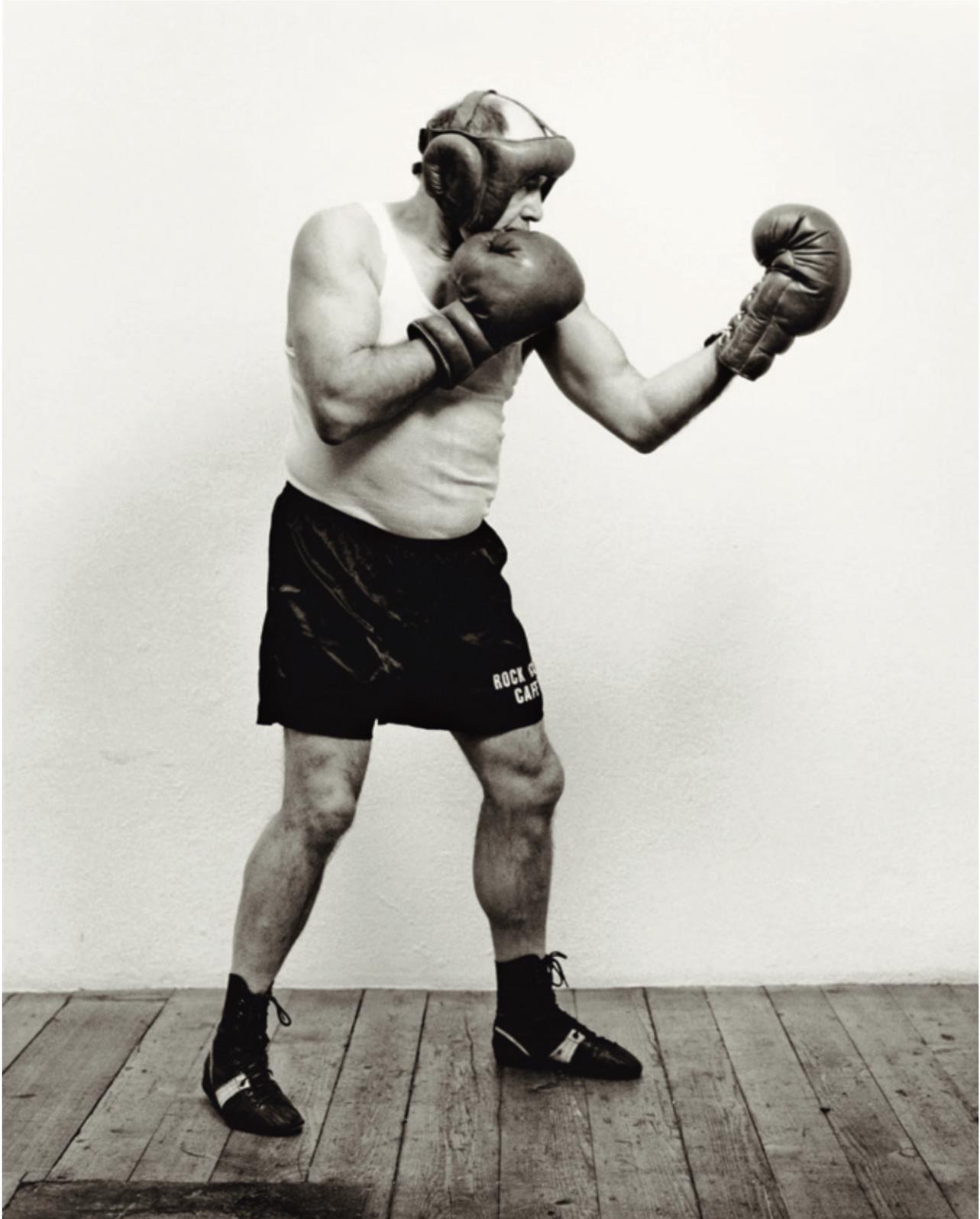
“The day always starts with tea. The Yogi Tea from Migros, with lemon and ginger.
And so that my pug gets enough vitamin C, I give him mandarins, apples and bananas.
It’s pretty unusual for dogs, but mine loves eating fruit.”



WALTER WALSER
BOXING TRAINER

68
YEARS

“Bones wear with age, so muscular strength is important.
The muscles protect the bones and give them support.
I’ve been boxing for 51 years and haven’t ever broken anything.
Well, actually my nose one time.”



69

YEARS

ANGY BURRI
MUSICIAN

“I even found buffalo meat at Migros recently, at half price. I can’t imagine there’s much call for it, even though it’s very healthy. Buffalo meat has just a quarter of the cholesterol of beef. When my grandchildren come to visit, I love to cook what we call ‘granny dishes’: Alpine macaroni, Riz Casimir and such. There’s Bircher muesli, too, though.”



FEDERICA DE CESCO
AUTHOR

70
YEARS

“If you want to live a healthy life, you ought to look to Japan.
Actually to Okinawa. People live longer on that island than anywhere else in the world.
Why? Because they eat loads of seaweed.
My husband and I, we follow their example.
Seaweed salad, miso soup with seaweed, vegetables with seaweed.
Even our cat loves seaweed.
And that’s a good sign, you know – cats are gourmets.”



71
YEARS

JOST WILDBOLZ
PHOTOGRAPHER

“When I was young I used to race classic cars. Now I’m a classic myself. But somehow, racing keeps you youthful. When I was 60, I started snowboarding, too. My children keep me fit. That’s the best recipe – having kids when you’re older. I’d recommend it to anyone. Just brilliant.”



CHRISTA DE CAROUGE
FASHION DESIGNER

72
YEARS

“I enjoy life. I always have, and now I’m at an age where I enjoy every minute of it. I like to eat well. I like cooking. And I love walks in the fresh air with my dog, that too. Sports and fitness, now, that’s not for me. I don’t feel bad about it. If you get sick, that’s fate.”



73
YEARS

JEAN SPIESS
FORMER MISS SOUTH AFRICA

"I'm just lucky with my genes, I guess. There are six of us brothers and sisters, and we're all healthy and happy. I was crowned Miss South Africa in 1952, then a few years later I fell in love with my husband, who's Swiss, and I've lived here in this country for 48 years. I'm just happy, maybe that's my secret. And I do yoga regularly. That's good for the soul and the mind."



ADOLF HAEBERLI
PODIATRIST

74
YEARS

“Just last Sunday, I accelerated out of Charybdis on the Cresta Run at over 100 kilometres an hour and won the Fairchild's McCarthy Cup. My first ride on the Cresta Run was in the late 60s. My friend said: ‘At our age, we don't start doing things, we stop.’ But I was always a late starter. Do you know the St. Moritz Tobogganing Club? That exclusive British club, they choose their members with a pair of tweezers. I've been a member since 1971.”



75
YEARS

RENÉ BURRI
PHOTOGRAPHER

“I still remember very well one of my first jobs as a photographer, more than 50 years ago, I had to take a portrait of Gottlieb Duttweiler. I went into his office, and there he was, with a fat cigar.

Someone said to him:

‘Dutti, you still smoke? That’s bad for your health.’

And I said: ‘So’s growing old.’

He laughed.

You can’t take yourself too seriously, otherwise things suddenly get really serious.”



ANGELA ROSENGART
ART DEALER

76
YEARS

“I sat for Picasso in 1963. Well, a couple of years have passed since then!
People often compliment me by saying I haven’t changed much, and of course I’m flattered.
Maybe it’s because of the Migros skin cream I use mornings and nights.
And I drink at least a litre of water every day – that’s good for the skin as well.”



77
YEARS

BRUNO WEBER
ARTIST

“Water is of the essence. I was lucky when we built our house. Luck has always played an important role in my life. During construction, we suddenly stumbled on our own spring. A miracle. When I turn on a tap, what comes out is our own water. At 8 degrees. Ecologically minded as I am, I know what fresh, clean water means.”



FRANZ AMBAUEN
GOAT FARMER

78
YEARS

“In May we move up to the mountain pasture again, up to Aarhölzli.
That’s where we spend the summer, me and my 14 nanny goats.
Goats’ milk is better than cows’ milk, even the doctor says so. It’s easy to digest,
good for the gut flora. And it helps children with allergies. The goats’ milk sells well.
With the pension, it’s enough to live on.”



79
YEARS

FRED TSCHANZ
GASTRONOMER

“I once shot a lion in Africa, and that evening the natives grilled its paws on an open fire and served them up. I could hardly say ‘no’. And I remember a business meal in China, they brought a chicken to the table - complete with head, eyes, crest. The government official chopped off the head and passed it to me. It was an honour. I ate everything but the beak.
Of course, I had to force myself, but it earned me favour.”



DENISE FONTEYN
FASHION DESIGNER

80
YEARS

“Real cooking, well, I only do that for my greyhounds and the cats. I mostly eat raw food myself. It keeps me fit. So do the parties, of course, I love to dance, to go out. It’s part of my job. Extravagant creations are bought by extravagant women, and you have to make contact with them. When I started out, Rita Hayworth was one of the first Hollywood stars who wore my designs. And soon I’m off to Cannes again, to the film festival.”



81

YEARS

GUIDO CORTI
CIVIL ENGINEER

“I had to stop parachute jumping ten years ago because it became too much. But I’m still quite active. In the summer I ride my bike 30 miles every other day, and I do a lot of cross-country skiing in the winter. And I swear by the Five Tibetan Rites. It’s an ancient Far Eastern body exercise. I do it 20 times a day.”



ROLF BREM
SCULPTOR

82
YEARS

“Work hard, drink wine, eat noodles. When I was a young sculptor, I kept myself going on nothing but Migros spaghetti, for at least ten years. Spaghetti with no sauce, no nothing, sometimes a bit of cheese if I had the money. I survived.”



83
YEARS

OTHELLA DALLAS
DANCER

"I go to the thermal baths as much as possible.
The hot springs do me good. I can't swim, so I just move around in the water.
I can't swim, but I can dance!"



LYS ASSIA
SINGER

84
YEARS

"I've been playing golf since a retired sea captain taught me to putt in Hawaii. I can putt from 20 metres away - not bad. I used to have a handicap of 8. The good thing about golf is that you don't need a partner. That's why I recommend it to the elderly and single. Don't hide at home: go out, take courses, give cocktail parties!"



85

YEARS

GEORGES MORET TYPOGRAPHER

“I think I just have a good constitution. As a young man, I was Swiss champion in field hockey. Even though I started smoking at the age of 14. My parents were tobacconists. I still smoke today. You really shouldn't say that, because smoking isn't very bright. I compensate for my vice by cycling. Forty miles, a couple of times a week.”



ELSE BOSCHUNG
DOCTOR'S WIFE

86
YEARS

“Vitamins are important.
Every morning I take Migros multivitamin capsules,
which also contain dietary minerals.
And a ginkgo compound for the brain.
I know, because we had a medical practice in the country for 34 years.
Apart from that, my 8 children, 19 grandchildren and
5 great-grandchildren keep me on my toes.”



87
YEARS

CLAIRE MAISSEN
LABORATORY TECHNICIAN

“We live in the knowledge that life will one day come to an end.
'Life', 'Nature' and 'Death' - those are the three famous paintings by Segantini.
I'm in the last of those phases now. I'm not scared of death. I am serene.”



GODY NAEF
RACING DRIVER

88
YEARS

“Those who rest, rust! That doesn’t just apply to cars, but to people, too.
Of course, that doesn’t mean we should live at full speed all the time.
Recently, I drove down the German highway at 300 kilometres an hour.”



89
YEARS

TRUDI GERSTER
ACTRESS

“A little meat, a lot of fruit and veg.
Every now and then, I'll have something from the Migros 'Actilife' range.
I'm very pleased with it, it works really well.”



HANNY FRIES
ARTIST

90
YEARS

“When the Giro d’Italia is on, I sit glued to the TV. It’s my only real passion where sports are concerned. But it’s not just about the sport; it’s also about the scenery and the characters. Fit, lean men. And then there’s cyclo-cross racing, oh, how the men run up the hills carrying their bikes on their shoulders. Mishaps and turns of fate – these are exciting motifs for me as an artist.”



91

YEARS

ELISABETH DENGER
TEACHER

“I love horses. I’m not up to galloping anymore, but putting on a halter and riding around the stables a bit, I can still do that. Getting the horse’s affection is something that makes me happy.”



HECTOR CHAMPOND
MILLER

92
YEARS

“My garden keeps me going. I grow my own fruit and vegetables: potatoes, lettuce, tomatoes, beans.
And I have a few fruit trees as well: cherry, apple, plum.
The trick is to rotate the vegetables every year. One season, the bed is filled with potatoes,
the next season it might be tomatoes. That way everything thrives better.”



93
YEARS

JOLANDE MABBOU
WAITRESS

“I always fast on Sundays. It gives the organs a rest.
A good doctor once told me that.
It helps me keep my weight under control - and has done so for 40 years!
Other than that, I go for long walks three times a week
with Carole, my granddaughter’s dog.”



CÖLESTIN LÜTHOLD
POLICEMAN

94
YEARS

“The others in my Jass-playing circle have all passed away, so now I play the card game with the widows. They’re good, too. I always bring them Migros chocolates when we play. I once made it to the final of the Central Swiss Jass Championship.”



95
YEARS

IDY MÄRKI
PHARMACIST

“I have a Mac at home, and use it to keep in touch with my three children and ten grandchildren. We chat regularly. With text messages, too. My great-grandchild was born yesterday; I immediately got a video by e-mail. It’s amazing what technology can do.”



URSULA KÖHLER
MISSIONARY

96
YEARS

“I worked as a missionary in South-East Asia for 30 years, mostly in China and Malaysia. Luckily, there’s a small Chinese church community in Switzerland, and I keep in touch with them so that I don’t forget the language. Until recently I played piano there regularly, accompanying the church choir. Most hymns have been translated into Chinese. I even have a Chinese name: Khang Tse Jing. Khang means health.”



97
YEARS

MARTY SPÜHLER
HOUSEWIFE

"I'm an ice hockey fan! I watch the games on TV.
I was really delighted when ZSC won!"



EDITH DUBY
CIVIL SERVANT

98
YEARS

“Flowers bring me a lot of joy. I can remember the beautiful roses I used to have in my garden.
My memory is still very good.
I’m looking forward to the summer, when the reeds in our home garden
start to blossom again.”



99
YEARS

HEDY SOLENTHALER
SEAMSTRESS

“Every now and then, there’s a dance here at the home. I enjoy it, everyone dressed up to the nines. I love to see beautifully sewn dresses. That’ll be because of my old job, of course. Yes, I always look forward to the dances. Music does me good. Unfortunately, there aren’t many men good at leading.”



HANS ERNI
ARTIST

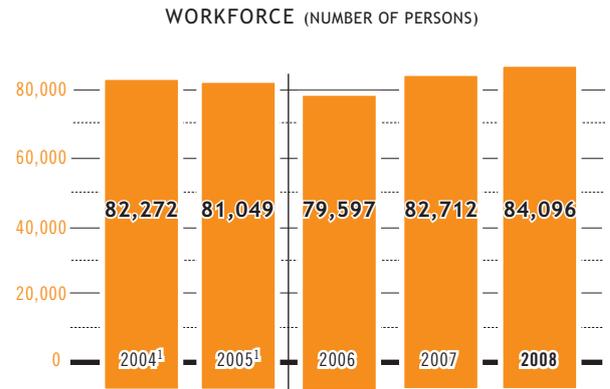
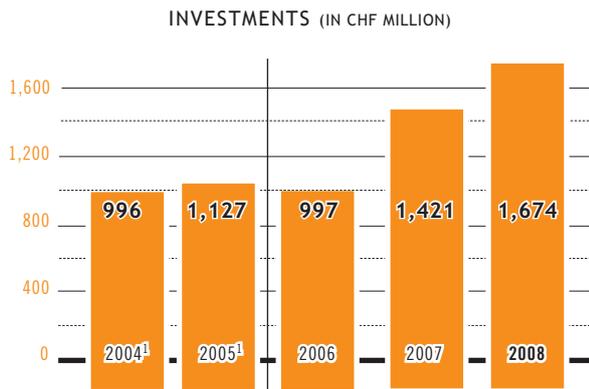
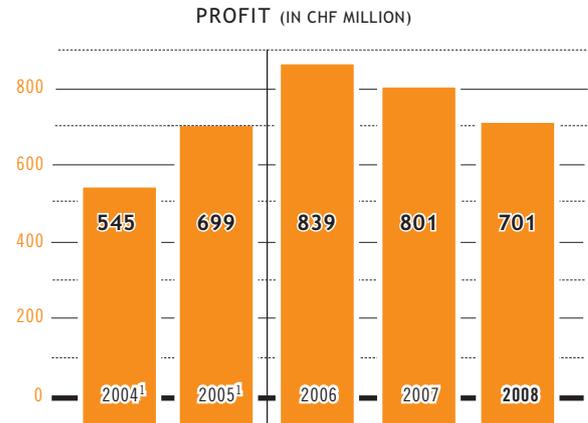
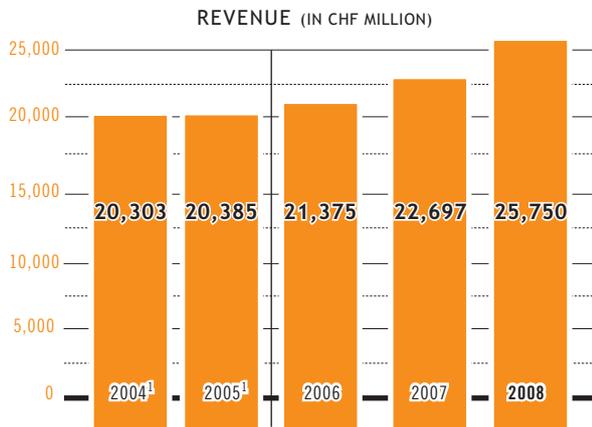
100
YEARS

“The view out the window. Out at nature.
The endless repetition: from bare branch to flowering fruit.
That is paradise. What reason is there to look for another paradise?”



MIGROS
REVIEW
SECTION
2008

DEVELOPMENT OF GROUP RESULTS



¹ Figures are based on Swiss GAAP ARR, and exclude full consolidation of Migros Bank; they are therefore only to a limited extent comparable with figures for 2006, 2007 and 2008.

Migros is different from other companies:

It is more diverse and differently organised, and its commitment traditionally extends well beyond purely economic parameters to include social and cultural issues as well. It makes sure that all of its customers live better, every day.

Migros - over 84,000 employees in more than 90 enterprises, 10 Cooperatives, 2 million Cooperative Members, CHF 701 million profit from sales of CHF 25,750 million. This is all made possible by the 99% of Swiss households who shop at Migros, go on holiday with Hotelplan, prefer Migros Bank, go to the Club Schools to continue their education ...

KEY FIGURES AND RATIOS

IN CHF MILLION	2004 ¹	2005 ¹	2006	2007	2008	CHANGE IN % FROM PREVIOUS YEAR
REVENUE	20,303	20,385	21,375	22,697	25,750	13.5%
of which revenue before income from financial services	—	—	20,462	21,705	24,732	13.9%
of which Migros retail sales	17,247	17,355	17,510	18,535	21,557	16.3%
of which sales by the Cooperatives	14,651	14,621	14,480	14,658	15,388	5.0%
Total Migros distribution sites		590	590	589	601	2.0%
Total Migros sales area m ²		1,202,013	1,227,728	1,225,382	1,251,115	2.1%
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	1,397	1,460	1,855	2,018	2,097	3.9%
as % of revenue	6.9	7.2	8.7	8.9	8.1	
of which EBITDA from Commerce and Industry business	1,397	1,460	1,568	1,739	1,869	7.5%
EBIT (Earnings Before Interest and Taxes)	543	607	948	1,043	1,113	6.7%
as % of revenue	2.7	3.0	4.4	4.6	4.3	
PROFIT	545	699	839	801	701	-12.5%
as % of revenue	2.7	3.4	3.9	3.5	2.7	
CASH FLOW FROM BUSINESS OPERATIONS	1,187	1,378	311	1,268	2,472	94.9%
as % of revenue	5.8	6.8	1.5	5.6	9.6	
of which cash flow from Commerce and Industry business	1,187	1,378	1,235	1,946	1,887	-3.0%
INVESTMENTS	996	1,127	997	1,421	1,674	17.8%
EQUITY	8,928	9,634	10,857	11,639	12,258	5.3%
as % of balance sheet total	53.0	57.4	24.8	24.9	25.1	
of which equity from Commerce and Industry business			9,420	10,139	10,703	5.6%
as % of balance sheet total			57.5	53.8	56.1	
BALANCE SHEET TOTAL	16,839	16,782	43,717	46,732	48,747	4.3%
of which balance sheet total from Commerce and Industry business			16,385	18,833	19,094	1.4%
EXPENDITURE FOR CULTURAL, SOCIAL AND ECONOMIC POLICY PURPOSES	114	112	116	127	120	-5.5%
WORKFORCE (number of persons - annual average)	82,272	81,049	79,597	82,712	84,096	1.7%
MIGROS COOPERATIVES (number of members)	1,957,804	1,982,033	1,993,543	2,022,060	2,055,044	1.6%

¹ Figures are based on Swiss GAAP ARR, and exclude full consolidation of Migros Bank; they are therefore only to a limited extent comparable with figures for 2006, 2007 and 2008.

REVIEW BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Countries such as China, India, Pakistan, Thailand or Vietnam have for decades produced goods cheaply, so that we in the developed countries can buy more for our money. As a result, peace has prevailed on the price front for many years. But when energy costs and the prices of raw materials for food soared early last year, around the globe people began to talk about inflation again. “An old enemy rears its head”, ran the headline in the British business magazine *The Economist*. The price of crude oil, rice, soya, wheat or corn feed rapidly climbed to record levels. The UNO felt compelled to call for emergency aid to avert the worst cases of famine.

In Switzerland, this development led to prices rising by an annual rate of 2.4 per cent, and in the case of the Producer Price Index (PPI), by as much as 3.3 per cent. To make sure that Migros’ firm commitment to offer the best value for money does not turn into so much waste paper, we have absorbed the higher commodity and raw material prices wherever possible by improving efficiency. As a result, we were once again able to sell products in our specialist markets on average 1.8 per cent cheaper, while in the case of food, we raised prices by an average of 3.5 per cent.

The second part of the year was dominated by the global crisis on the financial markets, followed by plummeting prices on the equity markets, drastic monetary policy remedies by the central banks and a growing sense of gloom among consumers. The sums of money that states were having to inject into the financial system to prevent it collapsing just grew and grew; the consequences for the real economy became ever more dramatic, and the efforts that governments had to make to prevent the very worst happening became increasingly desperate. Defying these overwhelming setbacks, 2008 was an excellent year for the Migros Group. We have even substantially exceeded our sales forecasts.

Overall, Migros Group sales rose to CHF 25.7 billion, equivalent to growth of 13.5 per cent. Once again, therefore, Migros gained another 2.2 per cent share of the market, consolidating its leading market position. The operating result (Ebit) also increased last year by 6.7 per cent to CHF 1,113 million, producing a satisfactory profit of CHF 701 million.

In the retail sector, sales rose by CHF 3.0 billion, or 16.3 per cent, to CHF 21.6 billion. The ten Migros Cooperatives reported exceptionally strong growth of 5.0 per cent, Migrol 21.3 per cent and Denner 8.3 per cent.

In 2008, we sold food, media products, office equipment and holidays totalling over CHF 500 million through our online channels LeShop.ch, exlibris.ch, Office-World.ch and

the wide range of Internet products from the Hotelplan Group. This is equivalent to an impressive 22 per cent growth rate. The fact that we have managed to continuously build on our leading position in this shopping channel encourages us to continue to develop our product assortments.

In the convenience shopping sector, last year we opened the first Migrolino. We are developing this new, convincing shop format in cooperation with Shell, and will use it to put ourselves at the top of the key growth market for filling station shops in the future.

Thanks to its serious business policy and conservative investment strategy, even in these turbulent times Migros Bank managed to increase the inflow of new money by CHF 2.6 billion and to win market share. Accordingly, the balance sheet total topped the CHF 30 billion mark for the first time. Total business income fell by 8.5 per cent as a result of market related revaluations on own securities. The gross profit amounted to CHF 234 billion, and the profit for the year was CHF 124 million.

Another solid pillar is our group strategy, which we ratified last year. The vision associated with it - **“Migros - täglich besser leben”** (live better every day) - which places the quality of life of all of our customers at the heart of everything we do, is more topical than ever. It is especially important to us that the more than 50 enterprises of the Migros Group strive to find a reasonable balance between economic, social and ecological trading. These are not just empty words; we have proved it by making this pledge an integral part of our corporate strategy, verifying it as part of the inter-group strategy process, and documenting it in the separate Sustainability Report. Our endeavours towards sustainable management have accordingly been honoured time and again with awards. By way of illustration, just two such honours are the Fairness Prize, which Migros was awarded for the responsible way it deals with its employees. It has also received, for the third successive time, the title **“vertrauenswürdigstes Unternehmen”** - most trustworthy company.

However, our group strategy is not just a clear avowal of the values embodied in our statutes. We have also set ourselves some ambitious growth targets. We have, for instance, resolved to build on our leading position in the Swiss retail market and to play a leading role in each of our other business units. We are also determined to selectively expand our activities abroad. That is why we have also made some structural changes within the Federation of Migros Cooperatives (FMC): we have created a new Commerce Department, which incorporates

all commercial enterprises outside cooperative retailing. This will make better use of synergies in marketing and in purchasing, and enable expansionary activities to be better coordinated.

We are resolved to consistently follow the course we have adopted in order to achieve our group strategy targets. We will therefore not only be able to preserve the very healthy substance of the Migros Group for all of our stakeholders, even in these economically difficult times; we will also be able to make them even stronger.

The credit for the Migros Group being able to achieve such outstanding results in 2008 must go to our committed and competent employees. We thank them all from the heart for the passionate commitment they give every single day to improving the quality of life of our customers. The commitment they have shown has ensured the reinforcement of the trust of our stakeholders on the customer, supplier and producer side. This trust has to be nurtured – it is our most important capital, and forms a solid basis for overcoming the market challenges facing us.



Claude Hauser,
Chairman
of the Board of Directors



Herbert Bolliger,
Chief Executive Officer



CORPORATE GOVERNANCE

RESPONSIBLE BUSINESS ACTIVITY

“Migros is the Swiss company that is passionately committed to improving the quality of life of all of its customers.” Migros is fully aware of its economic, societal, ecological and social responsibilities. The Migros Board of Directors and Executive Board attach considerable importance to good corporate governance.

Those who make decisions and set policy are constantly striving to find the right balance between the conflicting priorities in the expectations of the Cooperative members, employees, customers, consumers and business partners.

To live up to this high ideal, as the number one in the Swiss retail sector Migros is oriented to the needs of its customers, employees, business partners and the general public. This involves open communication and the greatest possible transparency.

LEGAL FORM

The Migros-Genossenschafts-Bund (MGB) [Federation of Migros Cooperatives (FMC)] is the business name of a cooperative association as defined by Art. 921 ff. of the Swiss Law of Obligations (OR). The FMC, the regional Migros Cooperatives affiliated to it, the business enterprises owned by them and the Migros foundations together constitute the **Migros Community**, or simply Migros.

STRUCTURES

Everyone who lives within the economic area of a Cooperative can become a member of a regional Cooperative, and thus a co-owner of Migros. The ten regional Cooperatives own the cooperative capital of the Federation of Migros Cooperatives. They are autonomous entities to the extent that they have not delegated powers to the Federation of Migros Cooperatives. The annual financial statements of the regional Cooperatives are independently ratified.

The Federation of Migros Cooperatives coordinates the activities of the Migros Community and determines the strategy for Migros; it is also a Migros service provider. The FMC is responsible for covering the needs of the Cooperatives affiliated to it by a system of combined purchasing and production, and by establishing, taking over and taking a participatory interest in business enterprises of all kinds. The organs of the FMC are the Assembly of Delegates, the Board of Directors, the Executive Board and the Board of Control.

The organisation of the FMC is set out in the company statutes (version of 27 October 2007) and in the rules of organisation.

THE MIGROS COMMUNITY

2,055,044 MEMBERS (+1.6%)

10 COOPERATIVES

AARE 461,892 members (+2.3%)	BASEL 174,882 members (+0.9%)	GENEVA 114,465 members (+0.8%)	LUCERNE 171,096 members (+1.5%)	NEUCHÂTEL- FRIBOURG 117,314 members (+3.3%)	EASTERN SWITZERLAND 396,988 members (+1.5%)	TICINO 85,522 members (+0.4%)	VALAIS 71,316 members (+0.6%)	VAUD 152,330 members (+0.7%)	ZURICH 309,240 members (+2.0%)
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FEDERATION OF MIGROS COOPERATIVES

ASSEMBLY OF DELEGATES

President: Ursula Nold
100 members from the 10 regional Cooperative Councils
10 representatives from the ten regional boards of directors

BOARD OF DIRECTORS

President: Claude Hauser

COMMITTEES

Nomination & Remuneration
Audit Committee
Finance Committee
Retailing
Internal Audit

EXECUTIVE BOARD

President: Herbert Bolliger

DEPARTMENTS

HR, Cultural & Social Affairs, Leisure
Marketing
Logistics and IT
Industry
Finance
Commerce

COMPANIES AND EQUITY INTERESTS

In brackets: change from previous year

ASSEMBLY OF DELEGATES

The Assembly of Delegates, which is essentially equivalent to a shareholders' meeting, is the most senior executive body of the FMC. In accordance with the statutes, it comprises 100 delegates, who are selected from the regional Cooperatives on the basis of a specified quota, together with 10 representatives of the boards of directors of the ten Cooperatives and an independent President.

The principal powers of the Assembly of Delegates include defining and amending the statutes, electing and dismissing members of the Board of Directors, taking the decision to wind up the FMC, approving the annual report and annual financial statements, ratifying the actions of the Board of Directors and the Executive Board, and electing and dismissing the Board of Control.

The Assembly of Delegates met on three occasions in 2008 to deal with its statutory business. The delegates were also informed about the new convenience format, "migrolino", as well as other business operations undertaken by Migros. The Assembly of Delegates has its own office and working groups, whose duties and organisation are regulated by the "rules of organisation of the Assembly of Delegates" and by "mandates".

The **Office of the Assembly of Delegates** prepares the agenda for the Assembly of Delegates and acts as a central interface between the Board of Directors and the Assembly of Delegates.

The **"Aid Fund" working group** held three meetings to advise on payments out of the Targeted Aid Fund to organisations in Switzerland and other countries, to assess appropriate applications.

The **"Board of Directors' Annual Report" working group** prepares the annual report and annual financial statements for the Assembly of Delegates, formulating its views on them and making suggestions.

Members (as at 31.12.2008)

Term of office 1 July 2008 to 30 June 2012

President: Ursula Nold

Office of the Assembly of Delegates

President: Ursula Nold; Vice President: Johanna Widmer, Migros Geneva

Weitere Mitglieder: Nicolas Bürgisser, Migros Neuchâtel-Fribourg; Katja Margot, Migros Zurich;
Matthias Pfammatter, Migros Lucerne**DELEGATES****MIGROS AARE**

Aeby Walter, Worben
 Agner-Heller Katharina, Liebefeld
 Barbier Pia Christine, Huttwil
 Bhend Adrian, Grosseffoltern
 Brönnimann Martin¹, Thun
 Büchi-Jucker Conchita, Schüpfen
 Bühlmann Hans Peter, Matten
 Etique Bettina, Biel
 Gysi Madeleine, Nidau
 Hänggi-Kunz Rosmarie,
 Ostermundigen
 Hausmann Ernesto, Widen
 Rothenbühler-Käsemann Corinne,
 Muri
 Santini Roland, Egliwil
 Studer-Rohrer Beatrice, Bettlach
 Sutter Hans Peter, Krauchthal
 Thomi-Keller Eva², Biel

MIGROS BASEL

Bangerter Dieter, Basel
 Böhi Dieter, Liestal
 Buser-Brandl Monica, Tenniken
 Gerig Lucas, Basel
 Jeker Monika, Reinach
 Limbeck Lothar¹, Pratteln
 Linder Karl, Basel
 Mutschler Ernst, Basel
 Sarbach Suzanne, Hagenthal-le-Bas

MIGROS GENEVA

Birchler Norberto¹, Vésenaz
 Calame Philippe, Thônex
 Hurlimann Simone, Vessy
 Kümmerling Jeanine, Vessy
 Pernet Liliane, Genève
 Plaut Olivier, Grand-Lancy
 Reust Werner², Trélex
 Widmer-Wirth Johanna, Thônex
 (Vice Pres.)

MIGROS LUCERNE

Arcon Mathis Christine¹, Oberägeri
 Bühlmann-Imfeld Monica, Baar

Felder-Dahinden Antoinette,
 Finsterwald
 Gerber Philippe, FÜRigen
 Nigg Daniel, Inwil
 Pellizzaro Emanuel, Ruswil
 Pfammatter Matthias, Meggen
 Püntener Esther², Bürglen
 Renggli Pius, Rothenburg

MIGROS**NEUCHÂTEL-FRIBOURG**

Blaumann Christoph, Kerzers
 Bürgisser Nicolas, Giffers
 Cotting Marie-Claude, Lugnorre
 Dell'Acqua Dominique,
 Chézard-St-Martin
 Fellrath Nathalie¹, Marin
 Guignard Eric, Neuchâtel
 Mojon-Hugli Christiane,
 Fontainemelon
 Rufenacht Steve, Cudrefin

MIGROS EASTERN SWITZERLAND

Bertozzi Enzo, Saas
 Biernath Regula, Winterthur
 Brühwiler-Emele Rita, Uzwil
 Cajochen-Forst Josef, Appenzell
 Erdin-Frischknecht Silvia, Pfäffikon
 Keller-Hartmeier Ruth, Bischofszell
 Mörtl-Luff Cindy, Hettlingen
 Oehninger-Ott Maria,
 Oberhelfenschwil
 Pontes Udo-Patrick, D-Lindau
 Rickenmann Heinz¹, Wattwil
 Riedener-Eberhard Margrit,
 Untereggen
 Schwinghammer-Schegg Cécile,
 Winterthur
 Seitz Peter, Rebstein
 Trüssel-Ackermann Barbara², Laax
 Vögeli-Baldamus Claudia, Langwiesen

MIGROS TICINO

Cassina Giuseppe, Cureggia
 Ceschi Aldo, Minusio
 Fasana-Arnaboldi Beatrice, Chiasso
 Pedrazzini Benedetto, Losone

Sasselli Gian Paolo, Ponte Capriasca
 Schmid Simone, Giubiasco
 Zanga Danilo, Muralto

MIGROS VALAIS

Berra Marianne, Martigny
 Bregy Jvan, Niedergesteln
 Brogli Roth Margaret², Brig
 Henzen Albertine, Salgesch
 Imhof Dominique, Sierre
 Marcoz Sabine, Aproz
 Solioz Bernard, St-Maurice

MIGROS VAUD

Beerens Yves, Goumoens-la-Ville
 Chappuis-Briaux Valérie,
 Lussey-Villars
 Gitz Sylvie, Ecublens
 Gruber Jean-Luc, Pailly
 Pittet Bernard, Pampigny
 Rochat Manuela, Pully
 Stern Werner, Pully
 Vincent Pascal, Boussens
 von Ritter Franca², Lausanne

MIGROS ZURICH

Aebi Stefan¹, Männedorf
 Astfalck Rita, Stäfa
 Donau Loredana, Zurich
 Dudler Gertraud, Greifensee
 Hediger Esther, Greifensee
 Koch Rolf², Feldmeilen
 Looser Esther, Galgenen
 Margot Katja, Au
 Ochsner Jürg, Zurich
 Süss Christoph, Uerikon
 Schweizer Helmer, Bassersdorf
 Sigg Marcel, Uster

¹ Working group "Board of Directors' Report"² Working group "Aid Fund"

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management of Migros. It formulates the corporate and non-material objectives of the FMC and the Migros Community. It also conducts the election of the Executive Board and approves the organisation of the FMC. With regard to composition, every effort is made to create a balanced ratio between internal and external members. The Chairman of the Executive Board, one representative from each of the ten regional Cooperatives (normally the managing director) and two staff representatives are regarded as internal members in view of their contract of employment with Migros. Nine persons from the business sector act as external members. It is forbidden under the statutes to hold a number of key administrative offices.

In 2008 the Board of Directors held 7 board meetings. Detailed preparation and the preliminary work done by the committees enable the discussions of the full board with its 23 members to be conducted effectively and efficiently.

With the exception of the representatives of the regional Cooperatives, the members of the Board of Directors are elected for a four year term of office by the Assembly of Delegates. Members may be re-elected. The members of the Board of Directors retire on reaching their 70th year.

FMC Board of Directors (as at 31.12.2008)

Term of office 1 July 2008 to 30 June 2012

Personal details of the Members of the Board of Directors

Chairman of the Board of Directors**CLAUDE HAUSER**

(1942 CH), Chairman since 2000
lic. oec. GE University, MBA IMD Lausanne,
Seat on the boards of: Clinique
G-Beaulieu SA (Chairman) Migros Betei-
ligungen AG Chairman); CIES - The Food
Business Forum; Fondation Signal de Bougy
(Board of Directors) Committees: Human
Resources and Remuneration (Chairman);
Migros Cooperative Retailing

**OSWALD KESSLER**

(1947 CH), Member since 2004
Swiss Federal Diploma in Dairy Management
Managing Director Migros Zurich
Seats on the boards of: Migros Pension Fund;
Aktiv Fitness AG (Chairman); LFS Life
Food System AG; "Im Grüene" foundation,
Rüschlikon (Board of Directors)
Committee: Migros Cooperative Retailing

*FMC Representative***HERBERT BOLLIGER**

(1953 CH), Member since 1997
lic. oec. ZH University,
FMC Chief Executive Officer
Seat on the boards of: Migros Bank AG
(Chairman); Hotelplan AG (Chairman);
Magazine zum Globus AG; Migros
Beteiligungen AG; Denner AG, Interio AG;
Gurten - Park im Grüene (Board of Directors);
"Im Grüene" foundation Rüschlikon
(Board of Directors); Committees: Human
Resources and Remuneration; Migros
Cooperative Retailing (Chairman)

**WERNER KRÄTTLI**

(1951 CH), Member since 1996
retail salesman
Managing Director Migros Basle
Seat on the boards of: Magazine zum Globus;
"Im Grünen" foundation, Münchenstein
(Board of Directors)
Committee: Migros Cooperative Retailing

**MARC SCHAEFER**

(1961), Member since 2007
Swiss Federal Diploma in Finance and
Controlling; Managing Director Migros
Vaud; Seats on the boards of: Micarna AG;
Illem SA; Parking Pré la Tour SA;
Fondation Signal de Bougy (Chairman)
Committee: Migros Cooperative Retailing

Representatives of the Cooperatives**MAX ALTER**

(1961 CH), Member since 2005
Swiss Federal Diploma Marketing
Management; Managing Director
Migros Valais; Fondation Signal de Bougy
(Board of Directors)
Committee: Migros Cooperative Retailing

**GUY VIBOUREL**

(1951 F), Member since 2000
lic. oec. GE University
Managing Director Migros Geneva
Seats on the boards of: Centre Balexert
SA; Ilem SA; Simga SA; Migros France SA
(Chairman); Migros Distribution Center
Suhr AG; Fondation Signal de Bougy (Board
of Directors)
Committee: Migros Cooperative Retailing

**CHRISTIAN BILAND**

(1956 CH), Member since 2001
lic. oec. HSG, Managing Director Migros
Eastern Switzerland
Seats on the boards of: MVN Neuendorf,
LFS Life Food System AG
Committee: Migros Cooperative Retailing

**ERNST WEBER**

(1949 CH), Member since 1997
(Vice-Chairman); business economist HWV
Managing Director Migros Lucerne
Seat on the boards of: Migrol
Committee: Human Resources and
Remuneration; Migros Cooperative Retailing

**LORENZO EMMA**

(1957 CH), Member since 2004
Dipl. Ing. ETH, MBA IMD Lausanne
Managing Director Migros Ticino
Seat on the boards of: Obiettivo Lavoro
(Suisse) SA (Vice-Chairman)
Committee: Migros Cooperative Retailing;
Finance

**BEAT ZAHND**

(1958 CH), Member since 2005
phil. I Berne University; Managing Director
Migros Aare; Seats on the boards of: Gäu Park
AG (Chairman); Neue Brünnen AG (Chair-
man); Shopping Center Brünnen AG (Chair-
man); ChaCha AG (Chairman); LFS Life Food
System AG (Chairman); Denner AG;
Gurten - Park im Grünen (Board of Directors);
Committee: Migros Cooperative Retailing



FABRICE ZUMBRUNNEN
(1969 CH), Member since 2005
lic. oec. Neuchâtel University
Managing Director Migros Neuenburg-
Fribourg
Seats on the boards of: Marin Centre SA
(Chairman); Fondation Signal de Bougy
(Board of Directors)
Committee: Migros Cooperative Retailing



SALOMÉ PARAVICINI
(1943 CH), Member since 1984
lic. iur. Basle University,
lawyer, Geneva;
Swiss National Science Foundation, Berne
(Board of Directors)
Committee: Audit

External members



DORIS AEBI
(1965 CH), Member since 2003
(Vice-Chairman); Dr. phil. Zurich University
Co-proprietor of aebi + kuehni ag,
Executive Search, Zurich;
Technical College of North-West
Switzerland (Member of the Inspectorate)
Committee: Human Resources and
Remuneration



THOMAS RUDOLPH
(1962 D), Member since 2003
Prof. Dr. oec St. Gallen University;
Director of the Institute of Marketing and
Retailing, University of St. Gallen;
Seat on the boards of: Otto's AG; Jeko AG
Committee: Finance



ANDREA BROGINI
(1956 CH), Member since 2004
Dr. iur. LL.M. Harvard University,
lawyer; Seats on the boards of: Generali
(Switzerland) Holding; Fastweb S.p.A.,
Milano; Fondiaria-SAI S.p.A. Florence;
March Limited, Hamilton; Knorr-Bremse
SfS GmbH Munich; Migros Betei-
ligungen AG; Committee: Audit (Chairman)



URSULA SCHOEPFER
(1956 CH), Member since 2004
lic. rer. pol., MBA INSEAD Fontainebleau/F,
Managing Director Dispopharm
Services GmbH
Seats on the boards of: Medial D&P Ltd.;
Pharmatrans Sanaq AG (Chairman)
Committee: Finance



ROGER BAILLOD
(1958, CH), Member since 2008
business economist HWV & auditor,
CFO Bucher Industries AG
Committee: Audit



HEINZ WINZELER
(1951 CH), Member since 2003
lic. oec. HSG
Seats on the boards of: Von Graffenried &
Partner AG, Zurich; Shockfish SA;
Sigma Holding AG; Trivon AG;
Von Hoff AG; Migros Beteiligungen AG
Committee: Finance (Chairman)



JEAN-RENÉ GERMANIER
(1958, CH), Member since 2008
Ing. HES Oenologie, Member of the National
Council since 2003
Seats on the boards of: Seba Aproz SA;
Veuthey & Co Martigny AG;
CFO Jean-René Germanier SA, Vétroz
Committee: Human Resources and
Remuneration



HAROLD SACHER
(1946 CH), Member since 1996
Electrical Engineer
Cooperative Migros Aare
Member of: Personnel Policy Committee
GM Aare;
Country-wide committee (Chairman)

Employee representatives



PAOLA GHILLANI
(1963, CH + I), Member since 2008
Pharmaceutical Chemist Lausanne
University,
Proprietor of Paola Ghillani & Friends Ltd.
Seats on the boards of: Helvetia Holding AG,
St. Gallen; Groupe E Greenwatt SA,
Fribourg; PlanetSolar SA, Yverdon-les-Bains;
International Committee of the Red Cross
(ICRC), Geneva
Committee: Audit



DANIELA SUTER
(1956 CH), Member since 2004
Director of Sales, Head of Category
Management FMC
Member of: FMC Personnel Policy
Committee

HOW THE BOARD OF DIRECTORS WORKS

The powers and duties of the Board of Directors are regulated in the statutes and in detail in the rules of organisation of the Board of Directors.

The Board of Directors, as the senior management body, exercises a supervisory and control function over the conduct of business by the Executive Board. It appoints and supervises the Executive Board, and is responsible for the strategic orientation of the Migros Community, the structure of the financial reporting, financial control and financial planning. Another function of the Board of Directors is to create efficient management and organisational structures for Migros.

The Board of Directors delegates operational management to the Executive Board, which is headed by the Chief Executive Officer. Apart from duties that cannot be delegated, the Board of Directors also takes decisions on capital expenditure and disinvestments that exceed CHF 20 million.

Decisions are taken – subject to the standard conflict-of-interest rules – by the full Board of Directors. Invitations to meetings include information about all of the topics which have been prepared by the committees. Members of the Board of Directors generally receive written details of motions in advance.

COMMITTEES

The Board of Directors works in liaison with a number of permanent committees. External members of the Board of Directors who have an appropriate profile are also appointed to these expert bodies, in order to contribute additional knowledge and experience. The committees are:

Nomination & Remuneration	Audit Committee	Finance Committee	Retail
Claude Hauser (chairman)	Andrea Broggin (chairman)**	Heinz Winzeler (chairman)	Herbert Bolliger (chairman)
Herbert Bolliger	Roger Bailod***	Lorenzo Emma	Max Alter
Ernst Weber	Paola Ghillani***	Thomas Rudolph	Christian Biland
Doris Aebi	Salomé Paravicini	Ursula Schoepfer	Lorenzo Emma
Jean-René Germanier*			Oswald Kessler
			Werner Krättli
			Marc Schaefer
			Guy Vibourel
			Ernst Weber
			Beat Zahnd
			Fabrice Zumbrunnen
			Member of the Executive Board

orange: internal (executive) members

Personnel changes in the year under review:

* new since term of office 2008-2012 (replaces Gabriela Winkler, who has retired)

** new since term of office 2008-2012 (former member, replaces the chairman, Emil Rebmann, who has retired)

*** new since term of office 2008-2012 (retired: Josef Leu)

The **Nomination and Remuneration committee** is responsible for ensuring that the members of the Executive Board are the best available, which it does by assessing the selection of applicants and making a recommendation to the Board of Directors so that it can make a decision. The committee also supports the Board of Directors in selecting members of the boards of directors of FMC subsidiary companies and members of the foundation councils of the Migros Community and for setting the appropriate remuneration for these executive bodies, the Executive Board and the Board of Directors. Where there is a conflict of interest, the members concerned do not participate. In 2008 the committee met six times.

The **Audit Committee** supports the Board of Directors in supervising the work of the auditors by liaising directly with external and internal auditors. In performing its duty, the audit committee has unrestricted access to the management of all group companies and their business records and papers. The audit committee operates in accordance with the rules of Best Practice, which are observed by large Swiss business enterprises. The committee reports regularly to the Board of Directors about the results of its inspections and proposes appropriate measures when necessary. The audit committee met six times in 2008.

The **Finance Committee** examines major investment projects and proposals for the acquisition and sale of businesses or business units of the FMC and its subsidiaries. It bases its deliberations on financial planning and the particular terms of reference, and on their strategic conformity, and ensures that the relevant financial resources are properly utilised. In 2008 the finance committee met five times.

The **Retail Committee** deals with all matters that are relevant to retailing under the Migros brand – the “orange M” – including in particular its merchandising and retail strategies, and applications relating to these to the Board of Directors. The committee formulates binding procedural plans, priorities and actions for the implementation of the budget. It is also responsible for supervising and controlling budgets, and introduces appropriate measures when there are variations. In 2008 the 17 members of the committee met on seven occasions.

EXECUTIVE BOARD

The operational business of the Federation of Migros Cooperatives is run by the seven-strong Executive Board. The Chief Executive Officer (CEO) is appointed by the Board of Directors and confirmed as a member of the Board of Directors by the Assembly of Delegates. The CEO has the authority to give directions and has overall responsibility for the operational conduct of business. The other members are responsible for the six Departments: HR, Cultural and Social Affairs, Leisure; Marketing; Logistics and IT; Industry; Finance; Commerce.



*From left to right:
Oskar Sager, Andreas Münch, Joerg Zulauf, Gisèle Girgis, Herbert Bolliger, Walter Huber, Ernst Dieter Berninghaus*

Members (as at: 31.12.2008)*Chief Executive Officer*

Herbert Bolliger (1953 CH)
Member since 2005,
lic. oec. University of Zurich

Deputy CEO

Joerg Zulauf (1958 CH)
Member since 2000,
RA lic. iur. University of Zurich, MBA
Head of Finance Department

Ernst Dieter Berninghaus (1965 D)
Member since 2008,
Dr. rer. pol. University of Cologne
Head of Commerce Department

Gisèle Girgis (1949 CH)
Member since 1998,
lic. oec. publ. University of Lausanne
Head of Human Resources,
Cultural and Social Affairs,
Leisure Department
Federal Delegate for the National
Economic Supply of Switzerland, Berne

Walter Huber (1957, CH)
Member since 2008,
Masch.-Ingenieur FH, MBA
Head of Industry Department

Andreas Münch (1957 CH)
Member since 2005,
EL.-Ing. ETH Zurich
Head of Logistics
and IT Department

Oskar Sager (1956 CH)
Member since 2008,
lic. oec. HSG St. Gallen
Head of Marketing Department

FMC MANAGEMENT DIVISIONS

As at: 31.12.2008

Hans-Rudolf Castell
Head of Human Resources
Management

Markus Gisiger
Head of Marketing Food

Monica Glisenti
Head of Corporate Communications

Hedy Graber
Head of Cultural and Social Affairs

Jann Hatz
Head of Corporate Development

Marlène Honegger
Head of FMC Personnel

André Knubel
Migros Community Auditor

Beda Ledergerber
Head of Group Finance

Ernst Marti
Head of Marketing Services

Noel Matos
Head of Strategic Export Marketing

Hanspeter Meier
Head of Fresh Produce

Bernd Messerer
Head of Controlling,
Migros Community

Bernhard Metzger
Head of Logistics, Transport

René Meyer
Head of Logistics-Technical
Department

Markus Neukom
Head of Planning, Expansion

Andreas Niess
Head of Migros Community
Accounting

Adrian Ryser
Head of Treasury/Finance

Martin Schläpfer
Head of Economic Policy

Thomas Schmutz
Head of Club Schools Coordination

Peggy Schuhmann
Head of SQTS

Rudolf Schwarz
Head of IT Services

Alex Sieber
Head of Near Food

Michael Spiess
Head of Specialist Markets

Reto Waidacher
General Secretary
and Head of Legal Services

Roger Weber
Head of FMC Accounting
and Controlling

Stéphane Willa
Head of Corporate Finance

BOARD OF CONTROL

Based on the proposal of the Board of Directors, the Assembly of Delegates elects an independent trustee and auditing company as the board of control. The board of control is appointed for a term of office of 2 years, and may be reappointed.

PricewaterhouseCoopers AG has been confirmed as the FMC Board of Control and as Group Auditor until 30 June 2010. The company has been auditing the annual financial statements of the FMC and the Migros Group since 1 July 2000 (previously Schweizerische Treuhand Gesellschaft - Coopers Lybrand AG). The Head Auditor, Daniel Anliker, chartered auditor, took up his post on 1 July 2006.

GOTTLIEB AND ADELE DUTTWEILER FOUNDATION

The autonomous Gottlieb and Adele Duttweiler Foundation was set up in 1950 by Gottlieb and Adele Duttweiler. The role of the Foundation is to ensure that the statutes, covenants and ideas of the founder of Migros are adhered to. The ideas of Gottlieb Duttweiler therefore live on in the foundation that bears his name. His vision and commitment to sustainable development have shaped Migros. In his set of propositions, dating from 1950, he stipulated that the members of the Board of Directors and the managing directors of Migros enterprises should not be paid a share of any profits. They are to be remunerated exclusively by a fixed, reasonable salary. The observance of this stipulation has been guaranteed right up to the present day: the remuneration structure of the senior management and the Executive Board requires the approval of the Council of the Gottlieb and Adele Duttweiler Foundation. This tried and trusted procedure was regulated contractually with the Cooperatives and the FMC as early as 1957. Gottlieb Duttweiler had therefore recognised the danger of excessive salaries and bonuses back in the mid-20th century, and laid down rules for remuneration accordingly.

The Foundation Council comprises the following seven independent members: Jules Kyburz (President), Hans-Ulrich Frei, Michel Renevey, Dr. Claudius Alder, Charlotte Hug-Burnod, Peter Birrer, Markus Mosele.

INFORMATION POLICY

Open communication and maximum possible transparency are key cornerstones of everything that the Migros Community does. Migros maintains up-to-date communications with all stakeholders. All communications are the basis for preserving the credibility of the Community. Where possible, employees are the first to be informed about important events. Open communication at all levels is a key element of managerial responsibility.

REMUNERATION

The policy of the Migros Community on remuneration is clearly regulated by set salary bands. Migros does not recognise any bonus regulations. The bonus-free salary system is one of the core values of Migros and supports the company's long-term development.

The remuneration model of the Migros Community is simply and clearly structured. Salaries are based directly on rates of pay in the market, and when they are fixed the basic idea of social capital is taken into account. They are regularly reviewed and adjusted.

In accordance with these principles, the members of the Board of Directors and the Executive Board do not receive any other payments or bonuses in respect of their duties with the Migros Community. They are not entitled to any contractually regulated severance pay.

FEES PAID TO MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors of the FMC received a total of CHF 0.98 million in 2008 (2007: CHF 0.98 million), including committee attendance fees. Of this total, the Chairman was paid CHF 0.36 million (2007: CHF 0.36 million) and the nine external members CHF 0.62 million (2007: CHF 0.62 million).

The Chief Executive Officer, the managers of the affiliated Cooperatives and the staff representatives did not receive any remuneration in their position as members of the Board of Directors of the FMC.

SALARIES OF THE EXECUTIVE BOARD

The seven members of the Executive Board of the FMC (including the CEO) were paid a total of CHF 4.6 million in 2008 (2007: CHF 3.9 million, for six members). The total remuneration package also covers welfare expenditure and expenses of a provident nature.

AUDITORS' FEES AND ADDITIONAL FEES

For services across the group related to the auditing of the annual financial statements, and for other services in the areas of company evaluations, tax consultancy, accounting and due diligence audits, PwC and Mitreva invoiced for:

CHF THOUSANDS	AUDIT SERVICES		OTHER SERVICES		TOTAL	
	2008	2007	2008	2007	2008	2007
PwC Federation of Migros Cooperatives, Magazine zum Globus, Migros Beteiligungen AG, Liegenschaften Betriebe AG, Le Shop, Hotelplan Group, Migros Bank, Migros Pension Fund, Migros Community Investment Foundation and Migros Group Accounts	3,059	2,585	406	1,107	3,465	3,692
MITREVA Other group companies	3,485	3,573	429	232	3,914	3,805

No other fees were paid to PwC and Mitreva for additional services such as business, IT, legal or taxation consultancy.

THE MIGROS GROUP

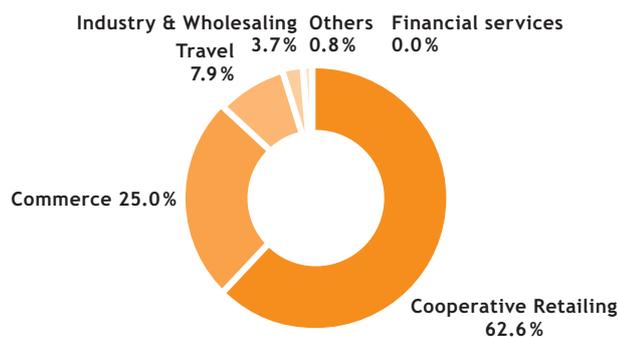
SALES

SALES IN CHF MILLION	2008	2007	CHANGE IN %
NET REVENUE FROM SALES OF GOODS AND SERVICES BY BUSINESS UNITS			
<i>Cooperative Retailing</i>			
Cooperatives, including in other countries ¹	15,387.6	14,658.1	5.0%
FMC	5,502.2	5,399.2	1.9%
Logistics	324.8	323.4	0.4%
Other enterprises	77.2	68.0	13.5%
<i>Commerce</i>			
Denner ¹	2,696.3	687.7	292.1% ²
Migrol ¹	1,974.6	1,627.4	21.3%
Magazine zum Globus ¹	803.8	781.3	2.9%
Interio ¹	278.9	287.4	-3.0%
Ex Libris ¹	193.3	178.2	8.5%
Le Shop ¹	111.7	92.3	21.0%
Office World ¹	110.5	106.1	4.1%
Other enterprises	32.3	22.0	46.6%
<i>Industry & Wholesaling</i>	5,099.2	4,722.7	8.0%
<i>Travel</i>	1,927.6	1,978.0	-2.5%
<i>Financial services</i>	3.4	3.4	0.0%
<i>Others</i>	374.8	372.2	0.7%
TOTAL NET REVENUE FROM SALES OF GOODS AND SERVICES	34,898.2	31,307.4	11.5%
Elimination of internal group net revenue from sales of goods and services	-10,448.7	-9,966.2	4.8%
TOTAL NET REVENUE FROM SALES OF GOODS AND SERVICES	24,449.5	21,341.2	14.6%
Income from financial services	1,019.1	992.6	2.7%
Other operating income	282.4	364.1	-22.4%
Elimination (internal group income)	-1.2	-1.4	-12.6%
TOTAL REVENUE (SALES)	25,749.8	22,696.5	13.5%

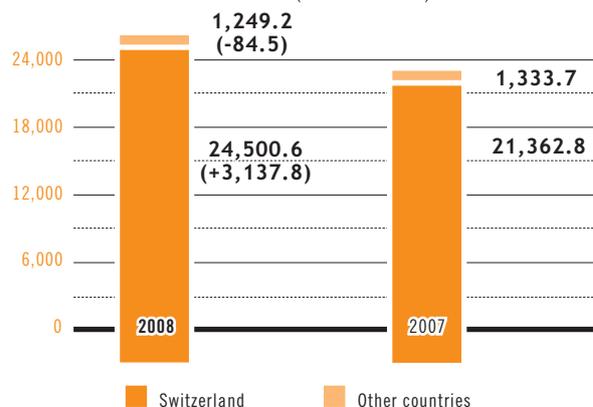
¹ Migros retail sales CHF 21,556.7 million (2007: CHF 18,535.5 million), of which foreign retail sales CHF 207.3 million (2007: CHF 225.0 million) by Migros France and Migros Germany.

² Comparable year on year: 8.3 per cent (in 2007, sales for the period 1.10.-31.12.07 are key for the Migros Group).

NET REVENUE FROM SALES OF GOODS AND SERVICES
BY BUSINESS UNITS 2008



THIRD-PARTY SEGMENT REVENUE 2008
BY REGIONS (IN CHF MILLION)



INVESTMENTS

MIGROS IS INVESTING RECORD AMOUNTS

With major investments in all parts of the country, Migros remains attractive and customer oriented. A record total of CHF 1,674 million was invested in 2008 on realising projects at individual Migros enterprises around the country. It confirms that Migros is a major business partner in Switzerland, also securing countless jobs in every part of the country.

Migros also expects to invest large sums in coming years, so that it can continue to organise its sales areas in an attractive and customer oriented way. As well as development projects and rebuilding work, there are also plans for expansion, so that Migros can remain competitive in the dynamic retail environment and continue to grow sustainably. Among the key factors in its success are the well organised and flexible logistics system, and the diversity of its commercial channels. Other special areas for development, along with the internet channel, are the sales outlets at filling stations and railway stations. International competition for the Migros Industry companies is likely to intensify even more. With targeted expansion and modernisation of their production facilities, they are creating the right conditions to safeguard their sites for the long term.

Although the pressure on costs is constantly growing, environmental aspects and the reduction of CO₂ emissions are taken into account for investment projects.

SECTOR (CHF MILLION)	2008	2007
Cooperative Retailing	1,157	1,014
Commerce	190	154
Industry & Wholesaling	194	204
Financial Services	93	20
Travel	15	15
Others	25	14
TOTAL	1,674	1,421

COOPERATIVE RETAILING

The Cooperatives opened 17 new sales outlets in 2008, as well as completing seven new replacement building projects and five larger-scale conversions with extensions. Investment has been targeted at improving the quality of the sales outlets at many other sites.

The most important investments in the Leisure and Club Schools sector include the Golfpark Waldkirch SG, where another nine holes have been added, the opening of the Club School in Zug, the renovation of the Club Schools in Basel and Sion, and the opening of two Aktiv Fitness sites in Dietikon and Wetzikon.

Quite extraordinary in terms of design and size is the investment in the Westside leisure and shopping centre in Berne-Brünnen. As well as an extensive, high quality offering of shops, services and catering facilities, the development also includes a modern adventure pool and spa, a multiplex cinema and hotel. The architectonically outstanding structure was designed and created by leading architect Daniel Libeskind. The building was constructed to the Minergie Standard, proving that Migros is also doing some pioneering work in the environmental area.

To enable it to continue to guarantee a system topography that works perfectly and is resistant to malfunction, in 2008 the FMC again invested a substantial amount in replacing and expanding hardware and software. The logistics enterprises, Migros Distribution Centre Neuendorf and Migros Distribution Centre Suhr, were enlarged in 2008 to include a hall and a high-bay racking store respectively. The building projects, completed in 2008, will ensure that the necessary flexibility is available to be able to efficiently handle seasonal increases in volume, as well as extra orders in the future.

The Cooperatives will continue their investment activities in 2009 at a higher than average level. The plans cover a number of new sites, including a large

supermarket in the new Stücki shopping centre in Basel. The planned opening of the major leisure and shopping centre in Neydens near Geneva merits special mention. The most important investment projects in the leisure sector include the opening of five Fitnessparks in St. Gallen, Solothurn, Olten, Uster and Kloten.

INDUSTRY & WHOLESALING

The year 2008 saw a further major investment of CHF 194 million (2007: CHF 204 million) in the Migros Industry companies, and thus in Switzerland as a location for production.

The cheese conditioning and packing firm **Mifroma** in Ursy is coping with the positive development of the market by commissioning an automated order-picking warehouse facility and new production space.

Bischofszell Food in Bischofszell is making great progress towards its goal of becoming a Migros service platform for convenience products; the aim is for the facility to be commissioned in autumn 2009.

The milk processor **Estavayer Lait** embarked on a five-year project at the end of 2007, the aim of which is to cope with the more rigorous hygiene regulations and increased demand for space, preparing it for the future of the dairy market.

The meat, fish and poultry processor **Micarna** has been modernised; an old building on the Courtepin site has been renovated and new deep-freeze facilities built.

All of the Industry group companies have also helped, with environmental products, to keep the ambitious CO₂ targets on course. One outstanding

achievement is the eco-certification (ISO 14001) of **Chocolat Frey** in Buchs, by which it has underlined its commitment to one systematic procedure over the whole environmental sector.

COMMERCE

Investments by the other commercial enterprises in 2008 focussed on development and rebuilding projects, as well as expansion.

Denner has invested mainly in developing its range of fresh produce, in addition to the rebuilding and expansion of its store network.

Migrol invested in the sustainable expansion of the filling station network; the filling station in Brugg is the first in Switzerland to receive a Miner- gie Certificate.

Magazine zum Globus focussed on the rebuilding of the store in Berne and the opening of the new Westside-Berne Brünnen store, with Switzerland's first Strellson shop.

FINANCIAL SERVICES

As well as the expansion of its branch network, **Migros Bank** invested in the replacement of its IT systems.

TRAVEL

At **Hotelplan**, fairly major sums have been invested in the revival and re-branding of Hotelplan Schweiz and Travelhouse into M-Travel Switzerland, as well as regular annual investment.

MIGROS DISTRIBUTION NETWORK 2008

COOPERATIVE RETAILING		NO. OF SITES 2008	NO. OF SITES 2007	SALES AREA (M ²) 2008	SALES AREA (M ²) 2007
MIGROS DISTRIBUTION SITES SWITZERLAND					
Migros sites	M	291	285	198,599	191,001
	MM	210	206	487,292	476,818
	MMM	38	38	315,619	320,727
TOTAL		539	529	1 001,510	988,546
	MParcs/specialist market centres/Obi	44	42	242,344	230,498
	Single-line stores ("bargain basements", etc.)	14	13	6,310	5,006
TOTAL		58	55	248,654	235,504
	Standalone restaurants	4	5	951	1,332
TOTAL SITES		601	589	1,251,115	1,225,382
MIGROS DISTRIBUTION LINES SWITZERLAND					
Supermarkets	M, MM and MMM	539	529	812,820	791,865
	Other supermarkets ¹	10	10	11,351	10,216
TOTAL SUPERMARKETS		549	539	824,171	802,081
Specialist markets	Do it + Garden	54	56	109,065	113,887
	Micasa	30	31	65,115	65,540
	sportXX	46	43	52,971	52,488
	m-electronics	61	59	30,836	29,951
	Obi DIY superstore/garden	10	9	81,428	73,179
TOTAL SPECIALIST MARKETS		201	198	339,415	335,045
Migros catering services	Migros restaurants, standalone	4	5	951	1,332
	Migros restaurants, in-store	189	193	86,578	86,924
TOTAL RESTAURANTS		193	198	87,529	88,256
MIGROS DISTRIBUTION SITES OTHER COUNTRIES					
France (Migros France)	MMM	2	2	11,361	11,361
Germany (MC Basel)	MM	3	3	7,173	7,023
TOTAL OTHER COUNTRIES		5	5	18,534	18,384
WHOLESALING - COOPERATIVES AND OTHERS					
Retailers carrying Migros products / VOI		87	90		
avec (run by Cevanova AG) ²		14	34		
LEISURE AND FOUNDATIONS					
Fitness Parks, fitness centres and Sportparks ³		30	28		
Aquaparks		2	1		
Golfparks		6	6		
Green Meadow Park Foundations		4	4		

¹ Integral with MParcs or specialist market centres

² Reduction following winding up of joint venture with Valora AG. Twenty sites transferred to Valora AG

³ Including subsidiaries

COMMERCE	NO. OF SITES 2008	NO. OF SITES 2007	SALES AREA (M ²) 2008	SALES AREA (M ²) 2007
Denner	746	729		
Denner Stores	433	432	162,141	161,498
Denner Satellite stores	313	297		
Magazine zum Globus AG	36	34	98,300	90,350
Globus	14	13	87,650	80,150
Herren Globus	22	21	10,650	10,200
Interio	20	20	40,341	40,325
Office World	19	18	14,498	14,150
Ex Libris	119	119	11,148	11,148
Migrol				
Filling stations, total ¹	312	312		
Migrol Auto Service/Migrol Service	185	182		
Filling stations (self service)	127	130		
avec (run by Migrol)	51	43		
migrolino (run by Migrol)	1	–		
migrolino (run by Shell) ²	–	–		
Migrol shops	99	99		

¹ Including standalone

² Rollout migrolino start 2009

COOPERATIVE RETAILING

COOPERATIVE RETAILING BUSINESS HIGHLIGHTS

COOPERATIVE RETAILING CHF MILLION	2008	2007	CHANGE IN %
NET REVENUE FROM SALES OF GOODS AND SERVICES			
Cooperatives, including other countries	15,387.6	14,658.1	5.0%
FMC	5,502.2	5,399.2	1.9%
Logistics	324.8	323.4	0.4%
Other enterprises	77.2	68.0	13.5%
TOTAL NET REVENUE FROM SALES OF GOODS AND SERVICES	21,291.8	20,448.7	4.1%
Other operating income	181.8	232.6	-21.8%
Elimination (internal group income)	-5,699.5	-5,555.1	2.6%
TOTAL REVENUE (SALES)	15,774.1	15,126.2	4.3%
EARNINGS BEFORE INTEREST AND INCOME TAX	532.6	393.6	35.3%
<i>Other information</i>			
Segment assets	8,472.8	8,057.2	
Investments in long-term assets	1,157.0	1,013.9	
Number of employees	60,165	59,228	

LEADING POSITION IN THE MARKET CONTINUES TO GROW

With an increase of 16.3 per cent in 2008, Migros was well ahead of Swiss retail sector growth. Despite the economic turmoil, Swiss retail sales in 2008 were strong, reporting growth of 4.5 per cent. Up to the end of 2008, there was still no sign of any impact from the crisis on the financial markets.

For Migros, which proudly recorded overall growth of 13.5 per cent, 2008 was one of its most successful years. On the domestic front, Migros' retail sales totalled CHF 21.35 billion (2007: CHF 18.31 billion). In 2008 retail sales in Switzerland, excluding Denner, amounted to CHF 18.65 billion (+5.9 per cent). Retail sales in other countries (Migros Germany and Migros France) were down by CHF 18 million at CHF 207 million (-7.9 per cent), which was due to the closure of the store in Bad Säckingen, declining business trends in France, and also to exchange rate fluctuations.

In 2008 the ten Migros Cooperatives generated sales of CHF 15.388 billion (including foreign sales), 5.0 per cent more than in 2007. The supermarket business achieved above average growth of 5.7 per cent.

Sales area in the supermarkets/hypermarkets and in the specialist markets increased in 2008 by 2.1 per cent to 1,251,115 square metres. The increase in area is due to 17 new openings, including the Westside centre in Berne and three sportXX Outdoor branches. As at the end of 2008, the Migros sales network comprised 601 sites, 12 more than in 2007.

The sharp increase in raw material and commodity prices in the fresh produce segment led to a 3.5 per cent rise in prices. The specialist markets once again reduced prices for their product assortments by an average of 1.8 per cent.

LOW-PRICE GUARANTEE ON 400 ARTICLES

Competition on prices in the retail sector is still growing. Migros has a clear price strategy in place to counteract the increased competitive pressure from predominantly foreign rivals. In 2008 the entire M-Budget assortment, comprising around 600 items, was subject to a further round of price cuts totalling CHF 25 million. Migros also offers a low-price guarantee on 400 M-Budget products. Sales across the M-Budget assortment increased by 10 per cent.

Migros also offers its customers clear added value with its core values – freshness, value for money, sustainability, regionality and Swissness. The focus here is on Migros labels such as “Aus der Region”, Bio and TerraSuisse, and on strong brands like Frey and Aproz and new labels such as the cosmetics umbrella brand “I am”.

COMMITMENT TO SUSTAINABLE DEVELOPMENT INTENSIFIED

Migros sees its corporate responsibility as an integrated approach, based on economic, social and ecological corporate values. Logically, the impact of its activities in the sustainable development and health sectors is increased by the introduction of new labels and product assortments. For instance, it has launched a CO₂ label for products such as recycled toilet paper, Léger cream and lighting. The development of the TerraSuisse and Aus der Region labels provides targeted support for Swiss agriculture. TerraSuisse is a unique label programme, which not only imposes higher standards on agricultural production, but also incorporates measures to create new living space and to promote species diversity. TerraSuisse is a convincing winner

because of its integral approach, and is setting new benchmarks for sustainable retail products in Switzerland.

In 2008 there was strong demand for Migros' label products with social and ecological added value. Organically grown food sold much better than in earlier years. Sales of Bio products rose by 10.7 per cent to CHF 344.5 million. Other labels also advanced: Bio cotton (+12.8 per cent), TerraSuisse (+14.5 per cent), FSC (+2.5 per cent) and MSC (+8 per cent). Only Max-Havelaar products were slightly down on the year before (-0.4 per cent).

The Actilife line, which was revamped in September 2007, recorded outstanding growth in 2008 with over 50 new products. Demand in the health sector is becoming increasingly important; this is also reflected in sales growth figures, with CHF 60.7 million generated by 200 products, a rise of 22.5 per cent.

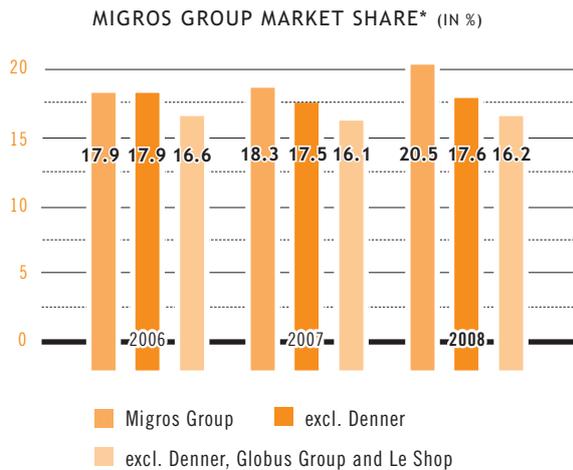
MARBLES AND FOOTBALL

In 2008, marketing activity was focused especially on "Murmelmania" (marble mania) and "M'o8" against the background of the European Football Championships. Under the marbles promotion, over 42 million of the little glass balls were sold. The response was huge. "M'o8" saw the formation of the biggest fan community in Switzerland. A total of 33,000 users registered on the corresponding website, which scored half a million visitors and 14 million page views.

MARKET SHARE

THE OVERALL MARKET SHARE IS OVER 20 PER CENT

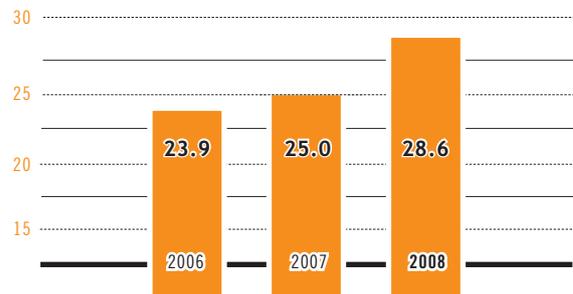
More than a quarter of the food in Switzerland is bought from Migros Group businesses. With sales up by 17.2 per cent (net sales including VAT), the Migros Group's market share rose by 2.2 percentage points in 2008 from 18.3 per cent to 20.5 per cent. This was primarily due to the strong growth of 8.3 per cent by the Denner Group. Migros' share of the market remained stable in 2008, at 16.2 per cent.



MARKET SHARE - FOOD

In the food segment, Migros Group sales increased by 23.5 per cent in 2008, equivalent to a 3.7 point increase in market share. Sales at Migros, the "orange M", increased by 6.6 per cent, and the development of Actilife (+18 per cent) and Anna's Best (+ 44.6 per cent) was most satisfactory. There is also still strong demand for M-Budget products, where sales grew by over 10 per cent.

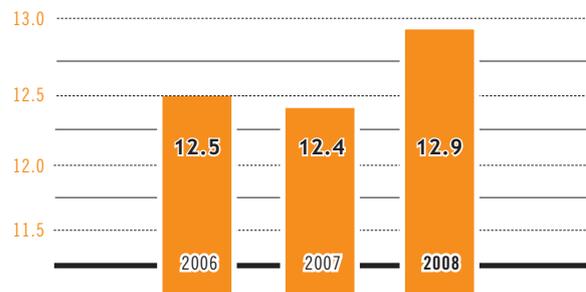
MARKET SHARE - FOOD* (IN %)



MARKET SHARE - NON-FOOD

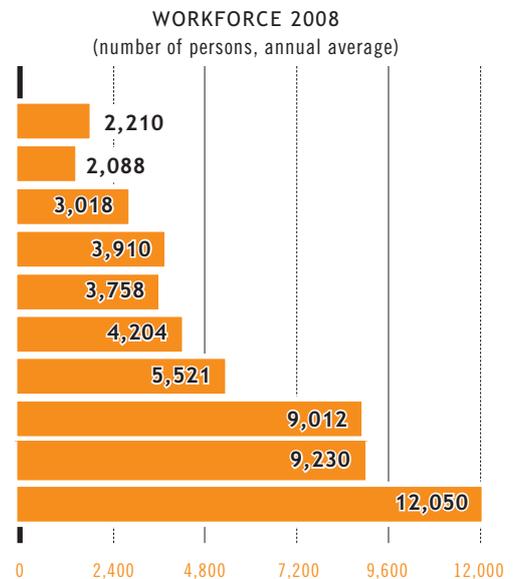
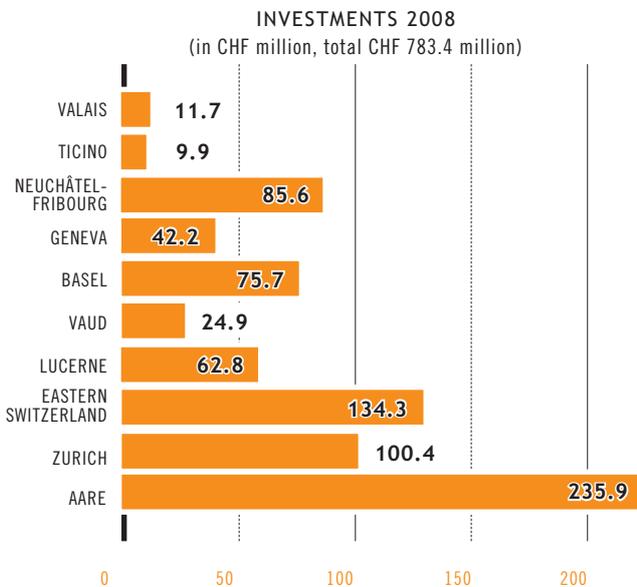
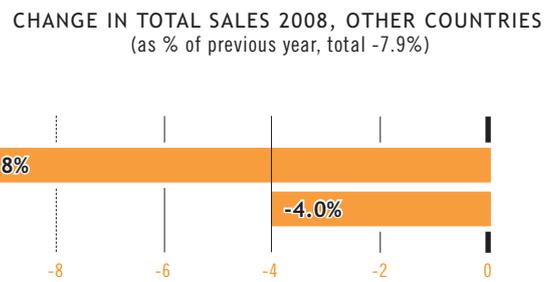
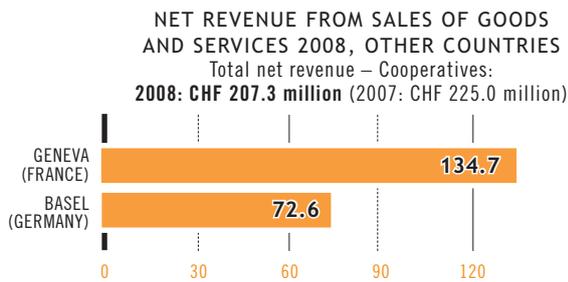
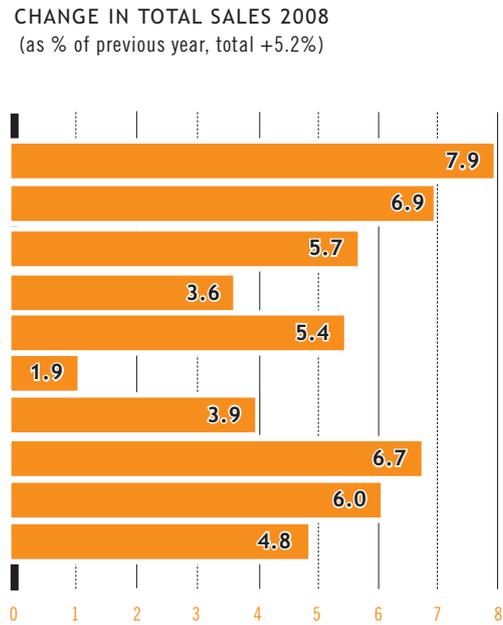
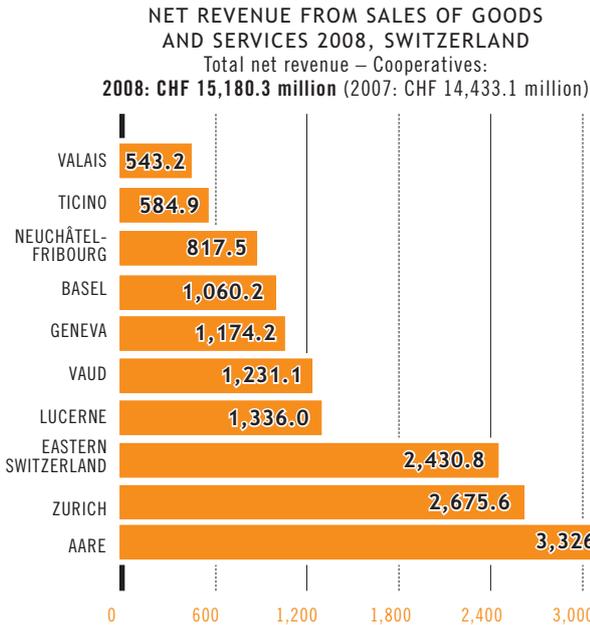
The Migros Group's share of the market in the non-food segment increased in 2008 from 12.4 to 12.9 per cent. Ex Libris performed very well, with sales up by 8.5 per cent. Herren Globus put on 4.2 per cent. The market share at the orange M was maintained as a result of strong performances in near-food (sales up by 6.3 per cent). In the specialist markets, there was in overall terms a slight expansion of the network of sales outlets; sportXX added 483 square metres and m-electronics 885 square metres. Micasa reduced in area by 425 square metres and Do it + Garden by 4,822 square metres.

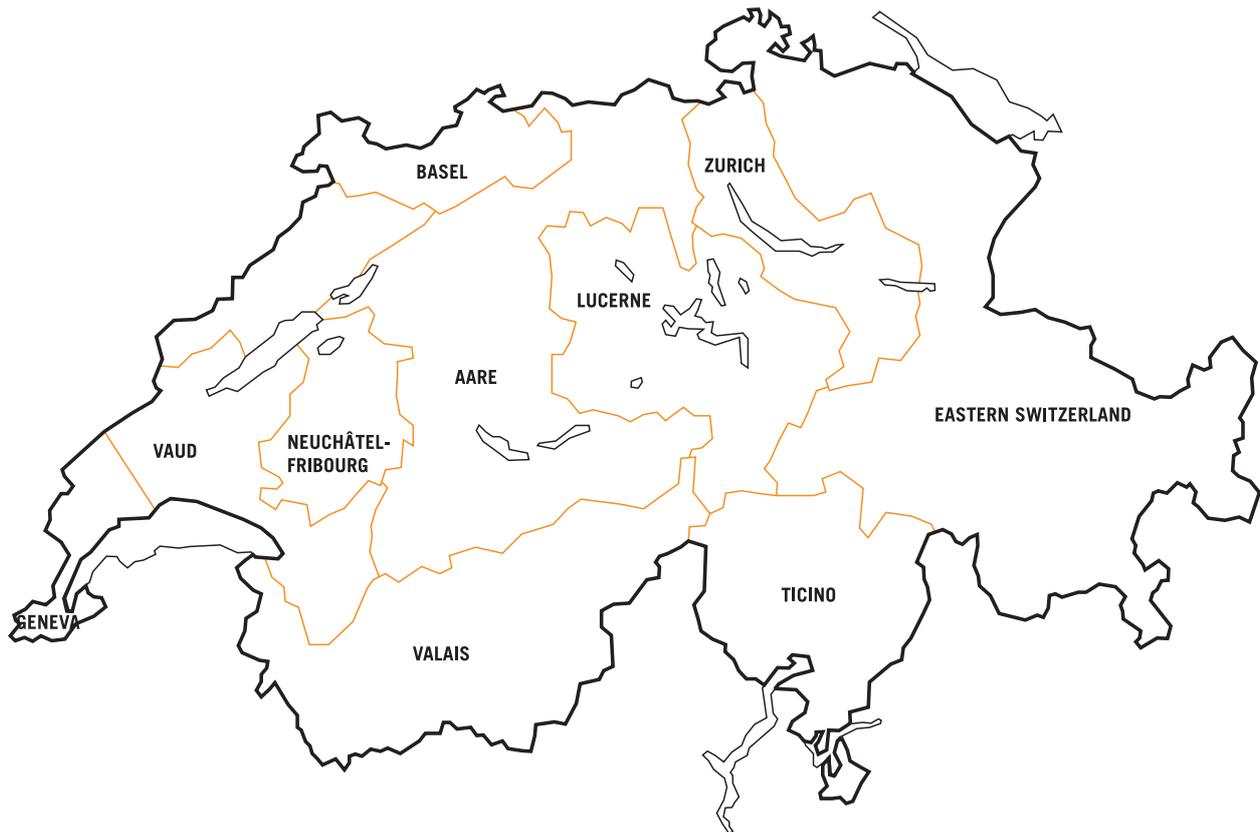
MARKET SHARE - NON-FOOD* (IN %)



* Super-/hypermarkets and Specialist Markets, catering services, Denner Discount and Denner Satellite outlets for the period October to December 2007, Globus Group and Le Shop (fully integrated from May 2006).

THE TEN REGIONAL COOPERATIVES





MIGROS AARE

Westside attracts customers and retail experts With sales up by 4.8 per cent in 2008, the Migros Cooperative Aare has definitely improved on the previous year. This was despite the fact that no less than four big shopping centres – Centre Brügg in Brügg, Shopyland in Schönbühl, Zentrum Oberland in Thun and the Ladendorf in Langendorf – have undergone renovation work.

The highlight of the year was the opening of the Westside leisure and shopping centre in Berne, with over 60 businesses and restaurants, a hotel, eleven cinemas and the Bernaqua adventure pool. Over one million people visited the centre in the first two months alone; and retail experts from around the world are travelling to Berne to see the centre, conceived by the top architect Daniel Libeskind.

Other new sales outlets were opened, in Möhlin and Langenthal, for instance; others have been refurbished and enlarged, for example in Spiez and Zofingen. There were premieres for the new restaurant concepts “Sessibon”, in Berne’s Wankdorf district, and “cha chà Thai Street Kitchen” in the Westside. SportXX opened the first “Outdoor World” specialist store in Biel.

MIGROS BASEL

Over CHF 100 million invested in the future The Migros Cooperative Basel increased its sales in 2008 by 3.6 per cent.

At the end of November the Drachen-Center, Migros Basel's new flagship store, was opened in Basel city centre. A total of CHF 80 million has been invested in this building, which as well as the most modern supermarket and a large Gourmessa section also houses a number of additional retail outlets.

The Schönthal-Center in Füllinsdorf near Liestal, the first and then biggest shopping centre in the Basel area, built in the 1970s, has been totally renovated and expanded at a cost of around CHF 20 million. The shopping experience has now been made even more attractive by the addition of two new specialist market stores – m-electronics and sportXX.

The third Migros store in southern Germany has been opened in Reutlingen. The investment of around CHF 7.5 million seems to be paying off, according to customer flows.

MIGROS GENEVA

Honours reward commitment Sales by the Migros Cooperative Geneva rose by 5.4 per cent in 2008 compared to the year before.

The supermarket in Meyrin has been completely renovated, and a start has been made on the total rebuilding of the supermarkets in Carouge and Cornavin; the development of the Balexert-Centre has continued. Across the border, the construction of the “vitam'parc” is well under way; the Migros France leisure, wellness and shopping centre will open officially in the spring of 2009.

Migros Geneva has totally refurbished and modernised the catering kitchen in its distribution centre. This will enable it to supply the Migros Restaurants, the Gourmessa and M-Saveurs counters, school restaurants and other organisations which use the Migros lunch service.

Migros Geneva was awarded no less than three prizes in 2008: the “Allocation de retour en employ” for incentives to benefit people out of work, the “Gleichheitspreis” for truly extraordinary activities in the field of equal treatment for men and women, and the prize for the best commerce-oriented teaching facility.

MIGROS LUCERNE

The sales network has an increasingly modern look Sales by the Migros Cooperative Lucerne were up by 3.9 per cent in 2008.

Expansion projects were the main feature of 2008. The store in Zell and the outlet in Reiden are now open. At the Metalli store in Zug the supermarket has been refurbished, and a new takeaway facility and modern teaching rooms for the Club School in Zug have been built. The Sarnen-Center and the Bruchstrasse Lucerne and Unterägeri stores have been extensively

renovated. Rebuilding work is due to start at the stores in Reussbühl, Buchrain, Willisau and Surseepark.

The expansion of the Länderpark shopping centre in Stans is making good progress, and a first milestone has been reached with the completion of the roadworks. The tenancy agreements signed have already secured 94 per cent of the budgeted rental income; the mix of tenants will be diverse and attractive. The opening is scheduled for 30 September 2010.

There are plans for a Migros store and a modern Fitnesspark at the Swissporarena Allmend, construction of which was given the go-ahead by the voters of Lucerne at the end of November 2008.

MIGROS NEUCHÂTEL-FRIBOURG

The renovation of the sales network is progressing The Migros Cooperative Neuchâtel-Fribourg increased its share of the supermarket sector in 2008, with sales up by 5.7 per cent on the year before.

The programme of expansion and renovation of the sales network has been energetically pursued. The MM store in Peseux and the Métropole-Centre shopping centre in La Chaux-de-Fonds have been completely renovated. In parallel with this, three new sales outlets were opened – M Saignelégier, MM Châtel-St-Denis and MM Düdingen. The opening of the first wing of the Nouveau Marin Centre early in November 2008 marked the end of this year of intensive building work.

New elections have been held for the statutory executive bodies for the 2008-2012 legislative period; there are three new members of the board of directors, and the Cooperative Council has elected a new President.

MIGROS EASTERN SWITZERLAND

Stronger growth than ever before The Migros Cooperative Eastern Switzerland reported a 6.7 per cent rise in sales for 2008. That is more than ever before since the merger of the Winterthur/Schaffhausen and St. Gallen Cooperatives to form Migros Eastern Switzerland in 1998.

The efforts made by the Cooperative with regard to freshness, presentation of goods, friendliness of staff and services are proving successful. The major investments in new building work and renovations are paying off. In 2008, Migros Eastern Switzerland was able to present existing sites, such as the Passage in Frauenfeld, the Hubzelg in Romanshorn and the restaurants in the Sântispark and the Waldkirch Golfpark to its customers in an even more attractive condition. Among the other special highlights are the new “wild water canyon” and the “sauna on stilts” with a natural pond in the Sântispark.

Migros Eastern Switzerland’s biggest Micasa specialist market and Obi DIY market were opened in September on the “furniture mile” to the west of the town of St. Gallen.

A new 9-hole course has been opened at the Waldkirch Golfpark; with a total of 39 holes, Waldkirch is now the largest golfing facility in Switzerland, based on number of holes.

MIGROS TICINO

A successful 75th year of business. In its 75th anniversary year, results from the Migros Cooperative Ticino exceeded all expectations, with sales rising by 6.9 per cent in 2008 compared to 2007. In view of the excellent results for the year, the Cooperative decided to pay all of its employees an extraordinary bonus of CHF 500.

The healthy business activity and the substantial investments made in recent years in some of the most important sales outlets in Ticino contributed to this success. Migros' big Sant'Antonino shopping centre was selected for the final of the international "Euroshop Retail Design Award 2008" competition, which is awarded to the best store concepts around the globe.

Non-commercial activities also made satisfactory progress; the Club School and the weekly magazine "Azione" both maintained their high visitor and reader numbers, respectively.

MIGROS VAUD

Innovative shop concept for the fashionable quarter of Lausanne Despite greater competition, the Migros Cooperative Vaud increased its sales in 2008 by 1.9 per cent.

The values of closeness, freshness and quality have been consolidated, primarily by the development of the sales network. In the spring, a new Migros Partner store was opened at the motorway rest area at Lavaux, and two stores were opened at the end of the year: Migros Blonay tends to attract people living on the Riviera, while Migros Flon, in the heart of the fashionable district of Lausanne not far from the M2 Metro, is geared more to a young, active clientele. This 50th store is based, both in its design and its product presentation, on a special architectural concept. The MMM Les Terreaux, also in the centre of Lausanne, will be undergoing extensive renovation work for several months; reopening is planned for autumn 2009.

An ambitious programme of investment will enable major renovation and rebuilding work to be carried out at the La Tour-de-Peilz and Clarens stores, and at the shopping centres in Pully and Romanel, from 2010.

MIGROS VALAIS

Committed to farming in Valais The Migros Cooperative Valais continued its positive development in 2008. The programme of modernisation has been rewarded with an 8.0 per cent rise in sales.

Two major construction projects were realised in 2008. March saw the opening of the 22nd M store in Valais, in Le Bouveret. In the autumn extensive renovation and refitting work was carried out at the Leukerbad store.

Migros Valais has also continued its commitment to the environment. When renewing its vehicle fleet, it decided to buy vehicles powered by natural gas, which are much more environmentally friendly than petrol or diesel vehicles.

Migros underlined its commitment to farming and food businesses in Valais by having a stand at the Valais trade fair for the first time.

MIGROS ZURICH

Investments are paying off Sales by the Migros Cooperative Zurich in 2008 were well up on the previous year, by 6.0 per cent.

The stores renovated in 2007 are making satisfactory progress. Other new construction and renovation work was carried out in 2008, with investments totalling over CHF 100 million. The flagship store in the Glatt Centre has been given a completely newly designed food floor; the store and restaurant in Horgen have been renovated and an M-electronics specialist market added. Fällanden is to get a Migros store, and Pünt in Zürich-Albisrieden a new store. The store in Greifensee has been increased in size. In Lachen, the Obersee-Zentrum was opened with a much enlarged sales outlet and Migros Zurich's first "Sessibon" restaurant. In Zurich, the Migros restaurants at Stadelhofen and Brunaupark have been converted into business restaurants. Other Migros restaurants have been given a more family-friendly look with their new children's play areas. Specialist market competence has been further improved by the launch of two new "Outdoor by sportXX" stores in Zurich itself, and sportXX and m-electronics specialist markets in Dietikon and Lachen.

The subsidiary company Activ Fitness has opened two new studios in Wetzikon and Dietikon. The expansion of this successful fitness concept will be actively continued.

During Euro'08, Migros Zurich created a family park on the Blatterwiese in Zurich, which became a unique centre of attraction for both young and old.

LABELS FOR SUSTAINABLE DEVELOPMENT

Migros runs six labels with special ecological and social value added. In order to concentrate the Marketing communication and for a more target-oriented information of customers, Migros, in 2008, decided to drop the umbrella-label of “Engagement”. The offer, however, within the ethical labels is further going to be enlarged.



BIO
CHF 344.5 million (110.7%)

Guarantees farming in harmony with nature.
Independent controls.



MAX HAVELAAR
CHF 79.3 million (99.6%)

Guarantees Fairtrade products; better working and living conditions for producers.



BIO COTTON
CHF 14.1 million (112.8%)

Guarantees farming in harmony with nature.



FOREST STEWARDSHIP COUNCIL (FSC)
CHF 144.4 million (102.5%)

Guarantees business that is environmentally friendly, socially acceptable and economically viable.



MARINE STEWARDSHIP COUNCIL (MSC)
CHF 18.9 million (108.0%)

Guarantees sustainable fishing to protect the seas and conserve fish stocks.



TERRASUISSE
CHF 654.8 million (114.5%)

Guarantees natural, animal-friendly Swiss farming; promotes living space for rare animals and plants.

TOTAL
CHF 1,256 million (110.8%)

Detailed information on ecological and social issues can be found in the Migros Group's 2008 Sustainable Development Report.

FRESH PRODUCE/FOOD/NEAR-FOOD ASSORTMENT

MARKETING FRESH PRODUCE

UNIQUE LABEL PROGRAMME

Optimised assortments and improved procurement and logistics generate higher sales and increased market share. With the final elements in place in the autumn of 2008, the Nemifri/Optifrais (Neue Migros Frische) fresh produce project has now been successfully completed. The intensive review of both product assortments and procurement and logistics systems carried out as part of the Nemifri/Optifrais project, has resulted in some major changes. This important project covering the key fresh produce segment has provided the basis for a successful consolidation of Migros' leading position in the Swiss retail market.

In 2008 Migros was able to resist the pressure on prices for fresh products, sell the products more cheaply and in better quality, and further extend its lead in terms of value for money. The success of these measures is evident from the outstanding growth in sales and market share in 2008.

CLOSE TO NATURE AND KIND TO ANIMALS

The biggest and most progressive innovation was the amalgamation of the two labels IP-Suisse and M7 into the new Migros label TerraSuisse. In close collaboration with IP-Suisse and other partners, a unique label programme has been created that not only imposes higher standards on agricultural production, but also incorporates measures to create new living space and to promote species diversity. TerraSuisse is convincing because of its integral approach, and is setting new benchmarks for sustainable retail supply in Switzerland.

To counter the growing threat to fish stocks and dwindling species diversity, Migros has joined the WWF Seafood Group, thereby affirming its commitment to a sustainable procurement policy for

fish. The goal is gradually to change over to fish supplied from sustainably managed stocks and environmentally compatible breeding programmes. Also, as a member of the WWF Seafood Group, Migros no longer sells types of fish that are at risk of extinction. In addition, Migros is continuing to expand its range of MSC and Bio fish. So that in the future its customers will still be able to shop for fish at Migros with a clear conscience.

CLEAR PRODUCT LINES

As well as the initiatives for even more sustainability, there have also been many improvements and broadening of existing product assortments. Many new fresh products have been added to the successful Heidi, Anna's Best and Actilife brands. There are now, for instance, also Heidi charcuterie products, such as "Wildheuer Salsiz" ("haymaker's sausage"), and "Heugade Rohschinken" dry-cured ham. The unique Sélection range, which is going down very well with customers, has been further extended in all fresh produce assortments.

Migros' ranges of low fat, low carbohydrate, low sugar and low calorie products have now been amalgamated into one following the integration of the Slimline brand into the Léger brand. Léger has thus become the Migros brand for figure-conscious nutrition, and offers consumers an optimal concentration of reduced calorie products in the complete range of food and fresh produce.

According to "aha!", the Swiss allergy, skin and asthma centre, there are around 2 million people in Switzerland who need allergic products. Migros is responding to this need by placing the "aha!" quality seal on dairy products that are recommended for people with lactose intolerance.

MARKETING FOOD

DISTINCTIVE BRANDS

Strong own brands in the food sector also underline awareness of ecological and social responsibility. The first half of 2008 was characterised by sometimes rapidly rising raw material prices. Key commodities and raw materials have become considerably more expensive because of poor harvests and rising demand, but also because of the increased price of oil, speculation and currency volatility. Packaging materials made of plastic and aluminium have also shot up in price. The fact that price rises across its product ranges have nevertheless been kept fairly low shows that Migros has only had to transfer some of these additional costs to selling prices. The cooperation with the international procurement organisation AMS is producing positive effects. Further cost savings have also been achieved in logistics, and as a result some of the additional procurement costs have been offset.

DELIZIO

The success story of the Delizio coffee capsule system goes on. New models have been selling extremely well, thanks to the “Energy Safe Concept” and their attractive design, and sales of capsules have also risen sharply. The assortment is constantly being expanded, and offers lovers of coffee and tea a varied selection.

ORGANIC PANGASIIUS FILLETS FROM VIETNAM

The “Bio pangasius fish fillets from Vietnam” project represents the varied and regularly extended range of sustainable and organic products. Together with local partners in Vietnam, Migros is investing in the setting up of organic production. The construction work on the rearing facilities are proceeding on schedule. In 2009 Migros will be in a position to offer the first organic pangasius, produced in accordance with Migros Bio guidelines.

WWF SEAFOOD GROUP

Under the terms of its membership of the WWF Seafood Group, Migros has decided to impose a sales embargo on species of fish that are seriously endangered. The complete frozen fish range is being changed over to products that are sustainably caught and bred.

ACTILIFE - THE HEALTHY PLUS

The Actilife brand, for products with a “healthy plus”, has also been further expanded and reinforced. The “Actilife” magazine, with a circulation of one million copies, presents a broad range of topics that demonstrate how people can manage their own personal health simply and in a fun way. The magazine, which was published six times in 2008, and a comprehensive offering on the website show lots of ways to do so.

SÉLECTION

The popularity of the premium Sélection line, featuring specially selected and authentic products from around the world, continues to grow. The products are regularly tested by independent bodies, in close cooperation with specialists from the Zurich University of Applied Sciences (ZHAW), so that they can be improved. As part of the “Gourmet Diners” scheme, featuring invited Sélection customers in a tasteful setting, personal experiences are exchanged and new ideas created.

MARKETING NEAR-FOOD

PERSONAL CARE

“I am”, the new Migros name brand, brings together products from eleven categories. In all the turbulence of 2008, Migros managed to improve its position in the personal care market, decisively consolidating its leadership in all segments. In each category, growth is well ahead of the market.

Summer 2008 saw the launch of “I am” as a Migros name brand. With the aim of concentrating on few, but strong Migros name brands, this was a pioneering move; classic own brands such as Jana,

Iduna, Curl, Explonic, Flair, Efina, Men's Look and Men's Care have been transferred to the new umbrella brand "I am". The new brand covers eleven product categories, from soap to deodorant, from facial care to care products for men.

The development of the range featuring numerous branded products has also been actively continued. New additions to the range in spring 2008 were the Kneipp self-medication brand and the Essence brand of decorative cosmetics.

The baby sector has also reported very satisfactory growth, thanks to the improved Milette quality and an above average increase in the baby food segment.

HEMOCARE

Sustainability and environmental protection play an important role - with detergents just as much as toilet tissue. Sales in the Home-care division made positive progress in 2008. The market share of the "washing, paper, cleaning" segment has certainly increased; the marked rises in the general detergents segment and the toilet tissue segment were particularly satisfactory.

The massive rises in raw material, energy and transport costs posed a real challenge; thanks to further endeavours to optimise procurement, and to rationalisation, only part of these increases had to be passed on to selling prices.

Sustainability and environmental protection without sacrificing performance was the basic idea for a number of projects. The homecare assortment was characterised by innovations in the detergents segment, the complete relaunch of the especially high quality, exclusively fragranced Exelia line of conditioners and the introduction of the world's first deluxe recycled toilet tissue. Steady progress was made in the development of detergents that use Cool-Active technology to provide good wash performance at low temperatures, helping to conserve resources and energy in housekeeping.

Dropping the Sunlux brand in favour of Osram was a decisive move to secure our leading position in the lighting market, and to ensure that trends and new technologies can be put into effect more quickly. The introduction of new energy saving products is a key contribution to reducing energy consumption. Two especially CO₂ friendly products have been awarded the "approved by climatop" label for toilet tissue and detergents.

HOUSEHOLD

With new and innovative products, the Sélection assortment is also doing extremely well in the near-food sector. Sales in the kitchen and stationery requisites and household accessories segments, and in the household sector generally, grew by well above the market average in 2008, and Migros has built on its already substantial share of the market. Because of the outstanding quality, good selection, contemporary designs and the best value for money, every other frying pan, paper serviette, Christmas tree bauble or transparent folder is bought at Migros.

Permanent and seasonal assortments both benefited equally in 2008 from demand that was well up on the previous year. Migros' product assortments give satisfaction in the budget, standard and even premium price ranges, where Sélection household products compete successfully with product ranges available in the top department stores.

Volumes rose by 1 per cent compared to 2007 and standard prices increased by an average of 5 per cent.

The massive efforts to optimise productivity have certainly paid off. A substantial part of the increase in sales was generated by reorganising the product mix in smaller and medium-sized stores, where customers can now find a bigger selection on the same area.

In the larger stores, the Sélection near-food range once again did extremely well. The highlight of the assortment expansion is the new range of kitchen utensils. Exclusive Swiss design, high quality materials and precision manufacture make this product unique in terms of functionality and visual impression. The frying pans are lined with Thermolon; this is a new type of ceramic non-stick coating that cannot be overheated, so that people can fry spicy foods and use little fat. Sélection fondue sets for meat and cheese were ready in time for the season, and are the top end of the table-top cooking range. The Sélection salt and pepper mills make seasoning elegant. The introduction of Sélection silverware now enables people to hold an exclusive Sélection dinner party. Bone china tableware and glasses to match are already available. Another new product on the Swiss market are the Sélection ceramic knives with high-grade steel handles. The combination of high-tech ceramic blades and top quality special steel guarantees long life and ergonomic handling.

For the smaller budget, in the kitchen utensils segment the new Ceramica line, with a high-tech ceramic coating and offering outstanding value for

money was launched alongside the successful Greenpan line.

NON-FOOD ASSORTMENT

UNIQUE LABEL PROGRAMME

Popular toys and the new reusable carrier bags go down well with customers. The buoyant mood in the economy during the first half of 2008 had a positive impact on the non-food sector. In the second half of the year, however, there were signs of consumer behaviour becoming slightly subdued, and of an increased demand for budget-priced products. The space allocated to non-food assortments in Migros stores has been reduced by about 5 per cent, mainly in the outerwear segment.

UNDERWEAR/HOSIERY

As the market leader, Migros has consolidated its high level position in a market heavily dominated by promotional campaigns. New market segments have been opened up with two new product lines: Mixx, aimed at the young, is trendy, slinky and cheeky; the "Deluxe" range, aimed at the exacting customer, is a winner because of its classic, high-quality products with a timeless style, perfectly finished from the finest materials.

OUTERWEAR/ACCESSORIES

The fiercely competitive outerwear business, with its high seasonal risks, remains a serious challenge in the supermarket/hypermarket channel. The early months of 2008 were taken up with clearance sales from the 2007 winter season. The late and unex-

citing summer resulted in overstocking of summery goods. Starting in the spring of 2008, the own brands were rearranged and modernised, which led to improved productivity, especially in the adult outerwear sector.

FOOTWEAR

An increasingly competitive environment dominates the footwear branch: more sales area and declining market volume. In 2008 the branch reported sales down by between 10 and 15 per cent. The good start to autumn/winter trading was not enough to make up the heavy losses suffered in the first half of the year. The market situation is expected to continue its decline in 2009. Migros was only able to achieve a rise in sales in the footwear accessories sub-market (insoles). Migros is the leading company in this sub-market, with a 38 per cent market share.

TOYS

The highlight of 2008 in the toy sector was the successful launch and marketing of the famous "Hello Kitty" fashion articles and the popular range of play figures from Schleich. The first half of 2008 was dominated by the promotion of products connected with the European Football Championships, such as footballs and Panini football cards. Another highlight were the very successful sales of game boards for playing marbles on as part of the major marble collection promotion at Migros. In the important

Christmas trading, the “Zauberwald”, or enchanted forest theme kept sales at the same level as 2007. A number of themed play areas with the A-brands Playmobil and Lego managed to consolidate and establish their position.

LEISURE ACCESSORIES

The year 2008 started with the successful nationwide launch of reusable carrier bags, with 2.5 million units being placed on the market. The distribution of reading glasses has been extended to cover the whole of Switzerland, and together with sunglasses these have resulted in increased sales and market share. Although sales in the luggage segment have remained constant, Migros has again managed to improve its sales in the fiercely contested back-to-school business.

PURCHASING

International procurement costs rose in 2008. In the Asian source countries (predominantly China and India), new challenges are emerging, not only because of the increased raw material prices for cotton and crude oil, but also because of wage costs and incidental wage costs and new statutory requirements. This calls for a flexible system of procurement, with a balanced mix of long-standing, trusted supplier contacts on the one hand, and the ongoing investigation of new procurement sources on the other. The round of price increases has generally been kept under control; this was also due to the slight downturn in raw material prices in the second half of 2008, although there will be some delay before this is reflected in selling prices.

SPECIALIST MARKETS

IMPROVED MARKET PRESENCE

Optimisation measures and store streamlining have led to improved sales and income returns at the specialist market. In 2008, despite the difficult competitive situation and market environment, the Migros specialist markets managed to achieve modest growth in sales and another substantial improvement in results. Optimisation measures in the stores, product ranges and procurement were implemented, and played a part in this success. The store streamlining carried out in 2007 also had a positive effect on the 2008 result.

The individual specialist market channels are aiming to be at least the number three in their defined markets in the future, and to further improve their results by profitable sales growth. In the second half of 2008, the opening of a number of stores provided a key basis for achieving these targets at sportXX, Micasa, Obi and m-electronics. One highlight of the year was the launch of the new shop format "Outdoor by sportXX", with the opening of the first three stores in Biel and Zurich.

Top priority will continue to be given to the income return aspect. In addition to the revitalisation of existing space, and a moderate expansion into new space, other existing sites are being assessed to determine their chances of achieving long-term goals. Optimisation of the brand structure and market presence shows the efforts being made towards a clearer positioning in the individual specialist markets.

DO IT + GARDEN

GOOD IMAGE

The aggressive intensified expansion by large DIY superstore chains is putting the market under constant pressure. The DIY and garden superstore market in Switzerland is still going through massive upheaval, and the pressure remained considerable and sustained throughout 2008. The global procurement markets once again appeared more volatile than in previous years.

As part of the dual strategy, the Abtwil site was handed over to Obi, which resulted in a spatial reduction of over 2 per cent for Do it + Garden (D+G). D+G is continuing to adapt to market trends.

Encouraging progress has been achieved in marketing – as a result of the new distribution policy for flyers alone, average sales from each issue were once again 15 to 20 per cent up on the previous year.

The current image values from the survey of passers-by in 2008 are gratifying, as they continue to show D+G in first place.

M-ELECTRONICS

BEST RESULT EVER

The "PLUS PLUS" service package helps to achieve a "plus" in a market that is declining overall. The Migros electronics specialist market remains on an upward trend; in 2008, with the market generally in decline as a result of a disproportionate collapse in prices, m-electronics managed to stabilise sales at a level above that of the year before, and to win market share, especially in the profitable equipment and accessories categories. Double digit rates of growth in aggregate value added highlight the best results ever in the history of m-electronics.

The key components of the significantly improved profitability are improvements in stock turn-

over and advertising effectiveness. The central basis for success, however, is the consistent positioning as the leading provider in the services segment with the “PLUS PLUS” service package: the best guarantee terms and free home delivery are just two elements of the comprehensive service pledge “Garantiert Freude” (satisfaction guaranteed).

The upward trend is also reflected in a more aggressive expansion: in 2008 three new specialist markets were opened in Dietikon, Horgen and Bern-Brünnen (Westside); another flagship market in Schönthal has doubled its sales area. In Winterthur-Neuwiesen, another specialist market has been completely refurbished in cooperation with the Migros Cooperative Eastern Switzerland; this is now being used as a test store for new modules and forward-looking concepts, to secure the sustained success of m-electronics.

MICASA

“MADE FOR LIFE”

Migros’ furniture specialist market is gradually putting a new store concept into effect. In the opening months of 2008, the furniture market was still benefiting from the upbeat mood among consumers; in the last quarter, however, the mood worsened considerably because of the crisis on the financial market. The industry is expecting a difficult market environment during 2009. Although there was little areal expansion in the market in 2008, and the serious pressure from competitors is likely to intensify further over the next few years, there are a number of major expansion projects nearing completion.

As part of the repositioning of the Migros specialist market Micasa, measures have been introduced covering the product assortment, sites, product presentation and communication. The first improvements are already taking effect, and more will follow in 2009.

These improvements will include a major streamlining of the product assortment, price reductions and a fundamental overhaul of the appearance and product mix in the boutique and the small furniture range. In addition, a store layout team has been set up, with responsibility for improving the visual appearance of the product assortments. The measures being undertaken for the repositioning are being backed up by a new communication concept with the claim “Fürs Leben gemacht” – made for life.

In autumn 2008 a new Micasa specialist market was opened in St. Gallen covering an area of 3,600 square metres. In 2009 the shake-out of the store portfolio will continue, and more stores will be converted to the new shop concept.

OBI

“OBI KNOWS HOW, WHERE AND WHAT”

The Migros DIY superstore has opened its tenth site in Switzerland. The most significant milestone for Migros’ DIY superstore in 2008 was the opening of the tenth Obi site in Switzerland, in St. Gallen. The largest DIY superstore in Eastern Switzerland has opened up another key economic region. Together with the Micasa furniture specialist market on the upper floor, this specialist centre offers some 11,000 square metres of space to sell everything for building, renovation and living at the best location in St. Gallen-West.

Once again, the weather certainly left its mark on the DIY superstore during the year. The very late start to spring, and the not very hot summer that followed had a negative effect on sales of seasonal ranges. It is therefore pleasing to see that after areal adjustment, the core sectors, featuring assortments of gardening requisites and plants, as well as actual DIY requisites, continued to grow in 2008.

Since entering the market in 1999 the portfolio of sites has been expanded to ten sites, in spite of the difficult underlying conditions for creating large-area specialist markets. This means that with its Obi DIY superstores, Migros is running the largest distribution network among project-based large area DIY superstores. This market position should be consolidated and further developed by the planned conversion of 15 to 20 sites in all. In 2008, a start was also made on planning work on new sites.

As well as value for money and product mix selection, competence in sales advisory and support services plays an increasingly important role in the intensified competitive and price environment. The measures undertaken in this area have been rewarded in the latest surveys by improved scores on image and branding. For 2009 the aim is to back up continued development with a new communication concept, with the claim “WIE WO WAS weiss OBI” (Obi knows HOW it works, WHERE it goes, and WHAT you need).

SPORTXX

TREKKING IS TRENDY

The new shop format Outdoor by sportXX concentrates on trekking and outdoor products. Migros' sports specialist market has continued its very positive growth. The expansion was again given a major boost in 2008 by four new sportXX stores in Berne (Westside), Dietikon, Lachen and Schönthal. In addition, in autumn 2008 the new Outdoor by sportXX format was successfully launched with three stores, two in Zurich and one in Biel. This format covers areas of between 300 and 500 square metres, and is geared primarily to the trekking/outdoor sub-market. The portfolio therefore now comprises 44 sportXX and 3 Outdoor-by-sportXX stores.

Sales growth was rather subdued, especially in the spring when the weather was really awful. However, the summer months, autumn and the positive start to winter more than compensated for this. Yet again, this shows that the right weather is a very major factor in the sports business.

Sponsorship activity in 2008 was concentrated on a number of running events (around 100,000 participants) and the well-known "slow-up" events (about 500,000 participants).

The focus for 2009 is very much on further expansion of the new Outdoor by sportXX format; at least two new sites are planned. In addition, several sportXX stores are to be renovated, making them even more attractive for customers.

CATERING SERVICES

NEW IDEAS FOR THE MODERN LIFESTYLE

Migros Catering Services serve up concepts that meet their customers' differing needs. In 2008, Migros Catering Services reported encouraging sales growth. With sales of CHF 680 million, the result is 3.2 per cent up on 2007.

MIGROS RESTAURANTS

The Migros Restaurants recorded constant sales growth for the whole of 2008. The large restaurants in particular were well ahead of the previous year, both in terms of sales and earnings. The highlights were the opening of the Migros Restaurant in the Sântispark in Abtwil, which is Migros Catering Services' largest restaurant facility, with 650 places, and the opening of the Migros Restaurant in the new Westside shopping centre in Berne. With the launch of the "Délifit" light range, Migros Catering Services are meeting the growing need for a healthy but still enjoyable lifestyle.

MIGROS TAKE-AWAY/GOURMESSA

The take-away/Gourmessa business unit accounts for just under 20 per cent of sales, making it the second largest contributor to total sales by Migros Catering Services. By offering product concepts that are more in line with what customers need, such as the new take-away with a seating area in the Metalli shopping precinct in Zug, the take-away/Gourmessa division has managed to further consolidate its place in the Swiss market.

SESSIBON

The new small restaurant concept is based on a varied range of products available at any time of day. Whether for take-aways or to eat in, Sessibon is the answer to the modern lifestyle. In May 2008 Migros Catering Services celebrated the opening of the first Sessibon in Berne-Winkelried, followed by more outlets in June in Romanshorn and September in Lachen.

CHA CHÀ

Migros is the exclusive Swiss franchise holder for Cha chà, whose concept is based on the credo "positive eating". Inspired by popular Thai cooking, the fascination of the waiter-service restaurant lies in its contemporary style and simple ambience. The first Cha chà opened successfully in October in the Westside shopping centre in Berne.

PARTY-SERVICE

For the Party-Service division, the year 2008 was dominated by the European Football Championships, with results varying from region to region. There were also deployments at many major events such as the Europeanade in Martigny, the Swiss Gesangsfest (singing festival) in Weinfelden, the "Place des affaires" exhibition in Geneva and the "Love Ride" charity event in Dübendorf. There was also a demand for catering services in the cultural arena, covering the entire spectrum of open-air music and cinema (St. Gallen, Frauenfeld, Nyon, Geneva, etc.) as well as at major theatrical and musical events such as "Heidi", "Aida", "Salto Natale" and "Das Zelt".

LEISURE FACILITIES

At the end of May 2008 the new web portal www.freizeitanlagen.ch went online. It provides a single point of entry to the websites of the Fitnessparks, Golfparks, Sportparks, Green Meadow Parks and aqua parks. This web portal gives an overview of the various sports and leisure facilities available.

MIGROS GOLFPARKS

ONE CARD FOR ALL

A new partnership means great benefits for Migros Golfpark members. Early in 2008, the Migros Golfparks, Switzerland's biggest provider of "Golf fürs Volk" (golf for the people), entered into a long-term partnership with the Swiss Golf Association (ASG). The then current "Golfcards Plus" became the "ASG GolfCard Migros". This partnership means great benefits for passionate golfers; the card is accepted at most golf courses in Switzerland and in other countries. The card also incorporates handicap management and the ASG licence, which enables holders to take part in official tournaments. In 2008 alone, the number of members almost doubled. At the start of the year there were just 2,000 members; for 2009 over 4,300 members have already registered for an "ASG GolfCard Migros".

In mid-August 2008 the 9-hole extension to the Waldkirch Golfpark was opened. The Migros Golfpark in Waldkirch is one of six public Golfparks which Migros operates under the motto "Golf für alle" – golf for everyone. After this extension, the Migros Golfpark in Waldkirch now has a total of 39 holes, making it the biggest golf course in Switzerland.

This was the fourth year that the youth promotion project "Let's play Golf" was held. Out of over 8,000 applications from youngsters between 9 and 13 years of age, 1,800 were chosen, giving them an opportunity to get to know the game of golf better. From these 1,800, 42 teams – a total of 84 youngsters – qualified for the final. These 84 young people then battled for victory in "Let's play Golf" on the golf course in Oberkirch.

FITNESSPARKS

ALL-IN-ONE SUBSCRIPTION FOR FITNESS

The "Intercity-Card FIT plus" opens the doors to over 30 wellness and fitness facilities throughout Switzerland. An all-in-one subscription for fitness, sport and wellness – that was the goal of the wellness and fitness centres when the "Intercity" association was relaunched. Up to then, the 15 Fitnessparks and the Sântispark were represented in the association. Incorporating the "Activ Fitness" fitness studios in the Zurich area, the FlowerPower in Biel, the Skyline in Aarau and the new Bernaqua adventure pool and spa has more than doubled this number; since October 2008 the "Intercity-Card FIT plus" has now opened the doors to over 30 wellness and fitness centres all over Switzerland. In 2009 more facilities will be added in St. Gallen (Fitnesspark Einstein), Olten and Solothurn (FlowerPower), Kloten and Uster (Activ Fitness), along with Lucerne, Küsnacht, Baar and Sursee (TC Training Centre of TC Central Switzerland). Migros' "Intercity" association therefore now forms the biggest combine of wellness and fitness centres in Switzerland, and also has its own website at www.intercity-card.ch.

Two thousand square metres of water, a river swimming pool featuring a contraflow system that is the only one of its type in the world, and an extensive spa and wellness area – these are just some of the attractions on offer at the new Bernaqua adventure pool and spa in the newly opened Westside leisure and shopping centre. Wellness, fitness and water enthusiasts have been paying to enjoy the amenities there since October 2008.

VALUE ADDED FOR THE CUSTOMERS

M-CUMULUS

PARTICIPANT NUMBERS STILL GROWING

The Cumulus Card is already used to record 78 per cent of Migros' retail sales. M-Cumulus, the Migros customer loyalty bonus scheme, was created in 1997 and has now become an established part of Swiss shopping culture.

At the end of November 2008, the number of active Cumulus account holders had increased to 2.411 million (2007: 2.211 million).

The proportion of retail sales recorded on Cumulus Cards stood at 78 per cent (3 per cent up compared to the year before).

The Cumulus scheme has now been extended to cover other partners from the Migros Community. Points can now be earned on flights, hire cars and hotel bookings all over the world at www.travel.ch. And at www.Migros-Ferien.ch, points can now be collected on the complete range of products and services.

Ten years ago, there were still serious reservations about M-Cumulus on data protection grounds; these have now been dispelled, and M-Cumulus enjoys considerable trust among the population. Customer transparency has paid off. The data protection seal "GoodPriv@cy" was renewed in July 2008 following an audit by the neutral certification agency SQS.

The Cumulus Infoline is a point of contact for all matters of concern relating to Cumulus, and during 2008 dealt with some 300,000 customer enquiries, mainly changes of address or orders for additional or replacement cards.

M-INFOLINE

EVEN CLOSER TO THE CUSTOMER

More in demand than ever: more and more customers now receive information on the Migros hotline. To meet the needs of customers, since April 2008 M-Infoline staff have also been working on Saturdays to respond to the many different concerns and questions about Migros. The 2007 record has once again been well and truly broken: in 2008 161,000 customers (2007: 150,000) used the M-Infoline service.

The Migros pledge, that "you won't find any of these 400 products cheaper anywhere else" keeps the M-Infoline very much on its toes. If customers find a product that a competitor is selling at a lower price, they can call up "Preistelefon", the M-Infoline price-check telephone service. For the very few differences that have been discovered, the prices were adjusted within 48 hours, so that customers at the checkout could be sure that they wouldn't find the product they wanted cheaper anywhere else.

Another topic that Migros' customers were very preoccupied with in 2008 was the "Murmelmania" marble marketing promotion, which was so successful that everyone involved was amazed by the huge demand for marbles. Although the M-Infoline took many calls in praise of the campaign, they also had to explain to many marble collectors why supplies of the much sought-after glass balls ran out after such a short time, even though 42 million marbles had been sent to Migros stores.

Consumers were most concerned when their attention was drawn to television pictures of a foreign supplier's rabbit fattening unit. Migros took the situation very seriously, and responded by imposing an immediate import ban.

The "SBB-Duo-Tageskarten" promotion, a special 2-for-1 one-day rail offer at a special rate, and the attractive 50 per cent off leisure offers in the "Sparparade" saver campaign proved extremely popular. Thousands of enquiries were received and answered

from Monday to Saturday, and sometimes even on Sundays, with special teams working voluntarily.

Since October 2008 the M-Infoline has also provided medical advice on a medicinal product. This has created a number of new challenges for the M-Infoline to make sure that the provisions of the medicinal products ordinance could be complied with. A team of trained chemists and specialist nursing staff is now available to answer questions about this product. This service for Migros customers might be developed further.

Thanks to the ten regional customer forums (M-Infolines) in the Cooperatives, there is an even better understanding of customers with regard to their mentalities, language, habits and ways of thinking, as well as their needs. Even greater trust and closeness can be generated by using the same dialect and similar forms of expression.

QUALITY ASSURANCE

HIGH SAFETY STANDARDS

Consumer safety is a key concern at MIGROS. Quality assurance measures are rigorously applied. When it comes to quality assurance, Migros applies a series of standards to its suppliers. Agricultural products, such as fruit and vegetables, have to meet internationally recognised and regularly verifiable requirements in accordance with GlobalGAP. They are subject to the same global criteria covering food safety, production methods, health and safety and environmental protection. Domestic suppliers are also increasingly expected to comply with international standards. Migros has already imposed SwissGAP, a Swiss variant equivalent to GlobalGAP, on its flower and plant suppliers. All Swiss producers of fruit, vegetables and potatoes who supply Migros must be applying SwissGAP by the end of 2010.

All Migros suppliers are bound to maintain basic social values such as minimum wages and a safe working environment. These basic values are embodied in the BSCI (Business Social Compliance Initiative) Code of Conduct. In the non-food segment, the introduction of the BSCI system is already largely complete. Migros is also in the process of applying this Code to its food suppliers; by the end of 2008, 500 of them had signed up to the BSCI Standard.

With regard to food safety, Migros follows the Global Food Safety Initiative (GFSI). All of Migros'

domestic and foreign suppliers of processed foods, as well as its own Industry group enterprises are GFSI certified. Small regional suppliers such as fishermen or cheese producers are verified by means of Migros inspections.

Migros also tends to follow the safety approach when it comes to the use of additives. In this regard, the maxim "so wenig wie möglich, soviel wie nötig" – as little as possible, as much as necessary. There are also no declarable genetically modified food products to be found on the store shelves. On the issue of nanotechnology, an area which has such a potentially promising future, Migros firmly believes in a cautious approach. It is currently working on the implementation of the Code of Conduct formulated by the Swiss retail stakeholder group (IG DHS).

SQTS (Swiss Quality Testing Services) carries out regular and risk-based controls on random samples on behalf of MIGROS Quality Assurance. If defects are revealed, measures to correct them are put into effect. If a defective product, or even one that poses a potential health risk, has gone on sale in spite of all quality assurance procedures, it has been immediately taken off the market, or in extreme cases a recall has been circulated to consumers in the media. Among the items involved were fresh convenience products, a children's rocking horse, luggage, margarine and sunflower oil. The policy of open communication has received some positive comments in the media.

SPONSORSHIP

FROM SPORT TO CULTURE AND TRADITION

Customers and members of staff can benefit from Migros sponsorship in many different ways. Migros is a committed sponsor of many different events and institutions in all regions of Switzerland. This is its way of contributing to a varied landscape in popular and youth sport, and also in popular culture.

Migros' customers and members of staff alike benefit from sponsorship in many different ways, such as concessionary ticket prices or attractive services and a varied supporting programme at the events themselves.

Migros concentrates its sponsorship activities on events in the fields of running, alpine skiing, "slowUp", cinema, rock/pop open-air festivals, cul-

ture for children and families, “Show and Spectacle” and “Tradition und Brauchtum” (tradition and customs”. In 2008 Migros was involved as a sponsor of the following events:

Running

- Main sponsor of twelve of the biggest running events with a total of about 150,000 people taking part.
- Leading partner of Swiss Athletics as the umbrella organisation for running, with about 300,000 active participants.
- Titular sponsor of the “Migros Sprint”, which attracts around 40,000 participants between the ages of 10 and 16.

Alpine skiing

- Titular sponsor of the “Migros Grand Prix”, with around 6,500 youngsters between 8 and 15 years old taking part, and many more people coming to cheer them on at 14 events.
- Main sponsor of the youth ski camp in Lenk for 600 children from all over Switzerland.

slowUp

- Main sponsor of 14 slowUp events (car-free adventure days) held all over Switzerland, with some 450,000 people taking part.

Open-air festivals

- Main sponsor of seven of the biggest and best known open-air festivals, attended by a total of more than 500,000 visitors and held throughout Switzerland:

Openair St.Gallen, Openair Frauenfeld, Moon and Stars Locarno, Gurtenfestival, Berne, Paléo Festival, Nyon, Heitere Openair Zofingen, Openair Gampel.

Cinema

- Sponsor of five of the largest open-air cinemas which attract a total of about 220,000 visitors all over Switzerland (Basel, Berne, Geneva, Lausanne, Zurich).

Culture for children and families

- Main sponsor of the “Kinderkonzerte” touring children’s concerts, attended by over 30,000 people in 16 locations.
- Main sponsor of “Zauberlaterne”, the “magic lantern” film club for kids from 7 to 12 years of age, with 66 local clubs and 26,000 or so members from all over Switzerland.

Show and Spectacle

- Main sponsor of extraordinary show productions such as the dialect musical “Ewigi Liebi”, “Heidi – Das Musical”, “Salto Natale”, “Silo8” by Karl’s kühne Gassenschau, “Circo Massimo” by Massimo Rocchi, “Acapickels go to Las Vegas” and “Alte Freunde” (old friends) by Stefan Gubser. The shows were watched by more than 500,000 people in a number of Swiss towns and cities.

Tradition und Brauchtum – tradition and customs

- Main sponsor of the Eidgenössisches Gesangsfest (Swiss song festival) in Weinfelden, with 20,000 singers taking part.

LOGISTICS AND IT SERVICES

SHARED SERVICES

BOUND TO EFFICIENCY

Strategic initiatives in the areas of transport, waste and maintenance have led to savings of over CHF 100 million. The Department of Logistics and IT Services is responsible for national and international processes in the logistics and IT area, and also for the real estate and IT portfolio of the Federation of Migros Cooperatives (FMC). Limmatdruck AG, Liegenschaften Betrieb AG (LiB-AG) and the Glatt shopping centre round off the Department's company portfolio. The management divisions are the competence centres for the logistics, IT, transport, ecology, planning and expansion, quality inspection and technology areas. As well as operational activities, they are also responsible for the strategic orientation of these areas.

Improvements to efficiency dominated 2008; over the last year savings totalling more than CHF 100 million were initiated or achieved as a result of strategic initiatives such as National Transport Optimisation (NATRO), putting waste disposal out to tender or pooling of maintenance contracts, and also as a result of more efficient handling of core tasks.

Efforts to reduce greenhouse gas emissions also played a part in this performance. By meeting the targets agreed with the Swiss Federal Office of Energy (SFOE), Migros is well on course. One welcome side effect of this was a contribution of CHF 18 million to the savings referred to. Sustainable development in the truest sense!

Increased capacities at the Migros Distribution Centre Neuendorf resulting from the building of Halls 5 and 6, and at the Migros Distribution Centre Suhr from the expansion of the high-bay storage with silo D, form a basis for the insourcing of suppliers' stock or handling in external depots on one level. This then creates the basis for future increases in efficiency along the entire value chain.

The systematic preparation for the deregulation of the electricity market has borne its first fruits. The teams from Logistics and IT Services are on the case, and have tested the transition to free network access for a first group of 20 or so large-scale subscribers;

they have even completed the changeover for a few who were unable to negotiate decent contracts with local suppliers.

MIGROS VERTEILZENTRUM SUHR AG

FOURTH HIGH-BAY STORAGE SILO OPERATIONAL

Targeted optimisation measures increase goods throughput and cut costs at the same time. The year 2008 was a successful one for the Migros Distribution Centre Suhr. Firstly, the business units have been expanded; and secondly, process capacities have further increased and the costs per delivered trading unit have been reduced again. The throughput volume amounted to 76.9 million trading units, 1.5 per cent more than in 2007. The proportion of half- and full pallets of all goods delivered has increased sharply.

In 2008, the projects to strengthen customer orientation and improve processes, which began back in 2007, moved ahead considerably. The second customer survey was conducted within the scope of Kundissimo, with 378 stores taking part. The increase in the overall level of satisfaction shows that the improvements defined and implemented in response to the 2007 survey are having an effect. On the basis of the 2008 survey results, the Migros Distribution Centre Suhr can put together targeted optimisation measures. Project F101 was started with the primary aim of optimising the food supply chain as a whole; this project will examine aspects such as changing the frequency of deliveries, pallet formation and disposable/reusable containers. It showed that there was an overall savings potential of CHF 12.5 million across the entire food supply chain; some of these have already been implemented.

Since early 2008, a new zone tariff model has applied to payments for through transport. With these

performance-based tariffs and the abolition of fixed delivery runs, the distribution centre has been able significantly to reduce transport costs.

The construction of the fourth silo for the high-bay store, with 16,500 pallet spaces was completed on schedule in March. The expansion of the storage capacity means that one logistics stage can be eliminated with the supplier, thereby saving costs. The new silo is already very well used.

Since 1 July 2008 the fast-rotation soft drinks products for the Eastern Switzerland Cooperative are no longer picked in the regional depot, but at the Migros Distribution Centre Suhr. Soft drinks products on full and half pallets are excluded; these are still delivered by the Cooperative to the stores via the regional depot. This method of order picking is more efficient and optimises costs. Further Cooperatives will be progressively changed over in 2009.

For Christmas 2008 the Migros Distribution Centre Suhr handled the complete seasonal trading operation, from storage through order picking to delivery, for the first time. The complete Easter assortment will also be added in the coming year. Significant cost savings in the Business Unit Food will result from the distribution centre taking over the seasonal trading from Delica.

Taking all measures together, customers benefited from realised cost savings amounting to CHF 3.5 million.

MIGROS-VERTEILBETRIEB NEUENDORF AG

MORE GOODS BY RAIL

The volume of deliveries by rail should rise from 17.5 per cent to around 40 per cent. The process of centralising logistics services continued systematically in 2008. The prerequisite was the completion of the fully-automated high-bay racking store in the Logistics Centre East in Neuendorf, with 24,000 pallet spaces, and the construction of a linking bridge over the main street to the main Migros Distribution Centre building. This building was handed over to the company at an opening ceremony on 29 August 2008, together with the logistics services centre, with an area of 24,500 square metres, which had already been completed in 2007. As a result, the tenancy on the warehouse in Eclubens has been terminated, as was the tenan-

cy on the outside warehouse in Oensingen in 2007. The expansion should lead to a marked increase in productivity with lower infrastructure and transport costs.

The reduction of transport costs and of CO₂ emissions as a result of switching deliveries from road to rail is a declared goal of the Migros Distribution Centre. The aim is to increase the volume of deliveries by rail from 17.5 per cent to 40 per cent. To this end, a ten-year contract has been concluded with SBB-Cargo. The changeover has already been made for the regions of Western Switzerland and Ticino, and also for several stores in Eastern Switzerland; goods are no longer delivered by road directly to the stores, but to the operations centres of the Geneva, Vaud, Ticino and Eastern Switzerland Cooperatives. Local distribution is then done from these sites together with fresh produce by lorry to the individual stores. This also means that the lorries can be optimally loaded. Further switches to rail are planned in coming years.

In the frozen produce segment, the Migros Distribution Centre now also provides logistics services for the Migros enterprise Scana Lebensmittel in the bulk consumer market; sales increased by 80 per cent in the second year.

With the introduction of the industry solution on 1 July 2008, the weekly working time was increased from 41 to 43 hours. This expansion of capacity has enabled the rising volume of orders to be managed and productivity to be increased.

From a financial point of view, the 2008 results are once again well ahead of the record figures from 2007. This was due mainly to the strong demand for logistics services, optimisation measures in operating procedures and active cost management. Goods throughput in Consumer Units (CU) amounted to 802 million units, an increase of 8.9 per cent, sales at cargo load prices totalled CHF 3.22 billion, up by 4.1 per cent.

LOGISTICS AND TRANSPORT

SUSTAINABLE TRANSPORT POLICY

As the biggest user of rail transport in Switzerland, Migros is still increasing the volume of goods transported by rail. For all 366 days of 2008 the FMC Logistics and Transport specialists and their accredited transport partners guaranteed top quality, on-time deliveries to the 600 or so

Migros sales outlets. There were no problems at all coping with or accommodating the seasonal fluctuations and extraordinary transport logistics needs of the European Football Championships with the available resources.

NATIONAL TRANSPORT

The Migros Group continues to make an active contribution to Switzerland's sustainable transport policy with its transport strategy, and has further extended its lead. Accordingly, the volume of goods transported by rail in 2008 rose by a further 6 per cent compared to the already high volume carried the year before. In 2008 the enterprises of the Migros Group transported over one million tonnes of goods by rail, making it once again the biggest user of rail transport in Switzerland.

A number of interventions at the political level have been made, in close cooperation with the Economic Policy Management Division of the FMC, with the special aim of improving the basic conditions for transporting goods by rail.

The developments on the crude oil markets in 2008 had a negative impact on transport costs for road transport operators. For the first five months, it was possible to absorb the increased fuel costs through optimisation. A fuel surcharge was imposed from 1 June 2008.

By its consistent implementation of the key NATO project (National Transport Optimisation), the Migros Group managed to achieve cumulative savings of CHF 29.5 million on annually recurrent transport costs by the end of 2008.

INTERNATIONAL TRANSPORT

The TIN (Transport International) application, which is now over 15 years old, has been replaced by a modern web-based solution (MTWeb), a forwarding and despatch software (MTrans) and an interface platform (MT Connector) as a support for handling international transport operations and to improve visibility along the value-added chain. The process redefinitions that were linked to this led to the reorganisation of the three core areas – services purchasing, operational transport procedures and customer services.

Sea freight rates had stabilised at a high level in the first half of the year, but then progressively decreased in the second half because of shipping com-

pany overcapacities in inbound traffic from East Asia (westbound).

Following the successful integration of the customs team from Delica AG, from 2008 customs clearance services have been offered as an integral component of the one-stop product range. As part of Migros' new fresh produce project, NEMIFRI (Neue Migros Frische), for instance, the customs team was able to simplify the customs clearance procedures for the fresh produce platforms. In addition, the quota control for imported fruit and vegetables has been centralised at FMC Logistics and Transport on behalf of the Fresh Produce Business Unit (FMC Marketing).

MIGROS EXCHANGE EQUIPMENT MANAGEMENT (MTM)

Demand for EURO pallets fell in 2008 after the boost it had had the year before. Demand for reusable containers, however, once again rose significantly, which was also apparent by the investment of around CHF 5 million.

The old half-pallets (Düsseldorf wooden pallets) have been replaced with new plastic half-pallets, so that fast-rotation products in the food and near-food segments can be placed directly onto the sales areas without intermediate handling, thereby optimising costs.

During the European Football Championships, with support from MTM the Migros Cooperative Zurich managed to set up and run a temporary 5,000 square metre family park in Zurich with 10,000 wooden pallets.

IT SERVICES

SYSTEMS ARE ALWAYS AVAILABLE

Employees at Migros are largely satisfied with the IT services. IT services must be reliable and widely accepted. Surveys demonstrate just how true this is. From the 2008 satisfaction survey, which 61 per cent of employees responded to, it emerged that 80 per cent of all users are satisfied with the IT installations at the workplace showed; 76 per cent approve of the Microsoft Office packages. Two-thirds of all users are satisfied with the SAP applications. Over 80 per cent are pleased with the possibilities afforded by IP telephony; and finally, the employees

manning the “Helpdesk” come out on top with an approval rating of almost 90 per cent.

One of the key aspects in the IT sector is “having a good mastery of the process”. One example from this area is guaranteeing services with standardised contracts and service agreements. All external partners are obliged to sign the Migros IT Services contract forms; this ensures that the expected range of services and milestone deadlines can be clearly specified in advance, and the people responsible defined by name. This procedure, which corresponds exactly to the site manager’s role in building construction, can help to achieve a high level of success for a project on the basis of the criteria “in time”, “in scope”, “in budget”. Eighty-five per cent of the 30 or so projects currently ongoing are at “green”. About 80 per cent of sales are covered by the similarly standardised “service agreements”; these provide a detailed definition of the functional service requirements with regard to scope and deadlines, as well as the application availability criteria. With these as a basis, 99.95 per cent system availability was achieved for the fourth successive time on “supply-relevant” systems; this meant 24/7 operation, 366 days a year. Supply-relevant systems are the powerful stock management systems for food and non-food assortments which impact on 590 Migros stores, transport planning systems and industry systems.

In 2008, strict cost management and a project portfolio coordinated with the business units, and also a consistent settlement model for IT services enabled costs to be reduced by 12 per cent compared to the budget. The external consultancy costs for IT installations are the stand-out item. Most of the additional external deployments scheduled for this were supported and carried out by internal staff as a result of consistent staggering of larger ongoing projects. The long-term review shows that IT costs have fallen as a proportion of trading sales from an initial 1.74 per cent per annum in 2003 to an annual 1.25 per cent in 2008. In parallel with this, however, much higher functionality is now available. This cost optimisation was achieved primarily through the motto “einmal statt mehrmals” (once, not several times) and as a result of the consistent orientation to standard software products. This created a basis for the total rebuilding of the entire IT landscape (stock and materials management, accounting, human resources and many other systems) for Cooperative retailing, Migros Industry, and also for the Commerce group. Most of this is already in operation in one of Migros’ four defined IT Competence Centres; only

in the Commerce group are the systems still under reconstruction. The latest software versions are used to ensure that the systems are secure in operation. During 2008 systems were systematically converted to the latest SAPerp-Release 6.0. This means that Migros is in the top third of global SAP system users, and benefits from future information that is crucial for project planning.

System optimisations on the theme of “Meldebestände pro Artikel und Filiale” (re-order levels per article and store) support the automated supply of articles to stores where there are identifiable cost benefits in logistical processes. The automated scanning of incoming goods in the stores guarantees high stock accuracy levels for available articles. The positive effect of this project can be seen in the increased sales figures due to the permanent availability of products. Other important projects in 2008 included “e.contracting”, which processes contracts electronically in the international procurement business, the portal for manufacturing specifications of products from Migros Industry and the migration of PCs and laptops to the latest 2007 version of Microsoft Office.

In the “Future Retail Centre”, together with the University of St. Gallen, the Federal Institutes of Technology, SAP and other partners, activities are focused on tracking new technologies that could have a role to play in the coming decade, on developing key basic know-how, and also on supporting decisions for investment in transitional technologies such as self-scanning. Migros’ sponsorship commitment for “informatiao8” and the associated “Tag der Informatik” (IT day) was likewise dedicated to the future. At this event, Migros and many other partner firms tried to encourage attending students or people involved in learning to take up the study of IT. Migros was prominently represented at the “Tag der Informatik” with four different stands and appearances.

LIEGENSCHAFTEN- BETRIEB AG (LIB-AG)

SITE MANAGEMENT MEANS ACTING EARLY

Lib-AG manages and looks after Migros Community properties. Liegenschaften-Betrieb AG, a subsidiary of the Globus Group, was transferred

to the Federation of Migros Cooperatives effective 1 January 2007 and adapted to meet future requirements. This called for a prior restructuring. The key elements of the reorganisation were firstly the transformation project itself, with adaptation of management structures, processes and systems, legal structures, functions and services; and secondly, establishing a strategy and putting together a convincing property portfolio.

The financial year 2007 was used as a transitional year, to test operational activities and data quality and to eliminate any weak areas. Since 1 January 2008 Liegenschaften-Betrieb AG has been running four subsidiary companies, looking after 29 of its

own properties, as well as 28 owned by outside clients under its portfolio management, and running facility management for LiB-AG and the FMC with a workforce of over 70 persons.

Key projects for Lib-AG in 2009 are the new Marin-Centre (Migros Neuchâtel-Fribourg), the sustainable renovation at the Glatt centre and the purchase and subsequent conversion of a property on the Limmatplatz in Zurich. Site management demands full attention, because changes in spatial and environmental planning, transport policy and retail-related issues call for action to be taken early in order to be able to maintain the value of properties.

COMMERCE

COMMERCE CHF MILLION	2008	2007	CHANGE IN %
NET REVENUE FROM SALES OF GOODS AND SERVICES			
Denner	2,696.3	687.7	292.1% ¹
Migrol	1,974.6	1,627.4	21.3%
Magazine zum Globus	803.8	781.3	2.9%
Interio	278.9	287.4	-3.0%
Ex Libris	193.3	178.2	8.5%
Le Shop	111.8	92.3	21.0%
Office World	110.5	106.1	4.1%
Other enterprises	32.3	22.0	46.6%
TOTAL NET REVENUE FROM SALES OF GOODS AND SERVICES	6,201.4	3,782.4	64.0%
Other operating income	46.0	37.6	22.3%
Elimination (internal group income)	-34.2	-23.9	43.1%
TOTAL INCOME (SALES)	6,213.2	3,796.1	63.7%
EARNINGS BEFORE INTEREST AND TAX	98.7	76.2	29.5%
<i>Other information</i>			
Segment assets	1,846.6	1,672.6	
Investments in long-term assets	189.9	153.8	
Number of employees	8,896	8,529	

¹ Comparable year on year: 8.3 per cent (in 2007, sales for the period 1.10.-31.12.07 are key for the Migros Group).

GENERAL REVIEW OF COMMERCIAL ENTERPRISES

The organisation of the commercial enterprises has been restructured. In the future, Migros will also be selectively expanding its operations into other countries. That is the reason why there have

been some structural changes within the Federation of Migros Cooperatives (FMC); a new Commerce Department has been created, which will be made up of all commercial enterprises other than cooperative retail enterprises. This will lead to better use of synergies in Marketing and Purchasing, as well as coordinated expansion operations.

THE INDIVIDUAL COMMERCIAL ENTERPRISES

DENNER AG

110 MILLION CUSTOMER VISITS

An impressive increase in sales achieved on a slightly reduced sales area. For Denner AG, 2008 was the best financial year it has ever had. Again, Denner has recorded stronger growth in food retailing than the market generally. Consolidated sales were up on the previous year by 8.3 per cent at CHF 2,696.3 million. This means that sales have practically doubled over the last seven years. Sales growth, which has been well ahead of the market in recent years, has meant that Denner has been able to achieve significant gains in market share; and this, in a Swiss market that is characterised by a high level of predatory competition.

Denner's store operations contributed CHF 2.1 billion to total sales, an increase of 7.8 per cent. The Denner Satellite stores, which operate on a franchise basis, recorded even more dynamic growth; their sales rose by about 9.6 per cent to CHF 620.1 million.

At the end of 2008, Denner had more than 746 sites, distributed all over Switzerland, 17 more than at the same time the year before. Of these, 433 are Denner stores and 313 Denner Satellite stores, making Denner a discounter that also serves rural and mountain districts well.

Denner achieved these sales figures on a sales area that was 0.8 per cent smaller than in 2007, at around 161,000 square metres. Over the twelve months of 2008, these figures give an 8.6 per cent rise in area productivity. Sales per square metre in the 2008 financial year were CHF 13,610, CHF 1,080 up on the year before.

In 2008, the Denner stores recorded 83.4 million customer visits, 4 million or 5 per cent more than in 2007. Here, too, the figures have virtually doubled in the last seven years. For the first time, Denner has also been able to show the customer figures for the Denner Satellite stores. If these 34 million are added, the number of customer visits for the entire Denner network last year reached over 110 million. The workforce increased by 63 persons, and at the end of 2008 totalled 3,325 employees.

A number of varied and important projects were completed in 2008. After almost two years of construction time, the Denner distribution centre in Mägenwil, one of the most modern in Switzerland, went into full operation. At the same time, Denner opened two new fresh produce distribution centres: one in Dietlikon in Canton Zurich, and the other in Lyss in Canton Berne. Also, a new, even more efficient inventory management system has been introduced, which soon produced positive results. Moreover, in 2008 a further 200 stores were converted to the new freshness concept that had been launched the year before and which covers the expansion of the range of fresh products.

Over the next few years, Denner will continue to develop and selectively expand its store network; this will happen in both the Denner stores and the Denner Satellite stores. A total of 15 new openings are planned for 2009.

EX LIBRIS AG

SUCCESSFUL BOOK AND READING CAMPAIGN

Market leadership will be further consolidated following the cut in book prices and the development of the online business. Ex Libris, Switzerland's largest media provider, has once again managed to consolidate its leading position in a competitive and price-aggressive market, and has further increased its share of the market. Ex Libris reported a record result in 2008; with sales of CHF 193.3 million, the company achieved 8.5 per cent growth. The store business and the online shop both contributed to this success, with customer numbers also up. The year 2008 was the most successful in the company's history; twenty new jobs were created as a direct result of the success.

The store business has continued to grow, on the same sales area. As in the previous year, the company has an extensive network of 119 sales outlets located in large towns and shopping centres, as well as medium-sized and smaller places. In 2008 Ex Libris continued with the modernisation and technical upgrading of its infrastructure. All stores now have a comprehensive ordering service; every Ex Libris store is therefore a full-range provider, with over three million products available to order.

The active expansion of the e-commerce segment continued in 2008. With its range of multi-

media products now numbering several millions, www.exlibris.ch is now one of the biggest and most important e-commerce portals in Switzerland. The Ex Libris download shop is another success story. This is targeted at customers who buy music, audio-books and e-books digitally.

In 2008 Ex Libris successfully launched a book and reading campaign and cut its book prices by 15 per cent – bestsellers by as much as 30 per cent. The price campaign will continue to run through 2009, and covers the entire range of German language books in all stores, as well as the online shop – a total of about one million books. The high level of demand shows that consumers have reacted very positively to the offer. The Migros subsidiary has therefore shown that low prices encourage people to read. Because of the consumer-friendly price structure, some of the sales that had been lost to the Swiss market as a result of the excessive book prices have now returned to Switzerland.

Ex Libris customers are clearly against the planned reintroduction of fixed book prices. They therefore support the Migros subsidiary in opposing a system of fixed book prices which would legally compel Ex Libris substantially to raise prices again. Today's customer is no longer prepared to pay prices that are much higher than they are in other countries. That is why Ex Libris is actively campaigning against this law and following the ideas of Migros' founder Gottlieb Duttweiler and his credo, that what counts is providing a service to the customer and products at bargain prices ("Was zählt ist der Dienst am Kunden, mit Produkten zu vorteilhaften Preisen.")

The successful multi-channel strategy adopted by Ex Libris will be consistently applied, with a market- and customer-oriented, sustainable policy on product mix, pricing and promotions. In 2009, customers will be even more sensitive to prices when they shop, comparing them even more closely. Ex Libris is well prepared for this challenge. The company's continued development will be secured by organic growth in its existing stores, by store renovations, by the dynamic expansion of the online business, and by the intensive promotion and development of its employees.

INTERIO AG

ORIGINAL AND VALUE FOR MONEY

The furniture store continues the targeted expansion of its sites. Interio, the furniture store for people who feel that it is very important to furnish their homes with originality, but at low cost, reported sales of CHF 278.9 million in 2008 from its three shop types – furniture store (8 sites), home galleries (5 sites) and boutiques (7 sites). This was 3.0 per cent down on the record year 2007.

In the first half of the year, sales were another 3.7 per cent up on the 2007 record. Growth in the dining (tables and chairs) and bedroom (especially cupboards and wardrobes) segments was above average; in the case of home accessories the key areas were home decorating, bed linen and bedding and lighting. Despite the relatively unsettled spring weather, garden furniture and accessories sold extremely well. With a view to the SAP launch in 2009, a new stock management system was introduced at the end of May 2008. This created some problems from July, when it was at times no longer possible to guarantee that items would be available in the stores; this led to a substantial loss of sales, especially of upholstered furniture and cupboards/wardrobes. The Christmas range, however, sold well, improving once again on the record result of 2007.

In 2008 the boutique in Lucerne moved from Löwengraben to the busier Kapellgasse; as a result the sales area was increased by 200 square metres. The new store is progressing as planned.

The relocation of the furniture store in Morges to Etoy is planned for 2009. This will at the same time increase the sales area by 1,000 square metres. From mid-September 2009 Interio will have a site in Etoy with an attractive retail environment and potential for the future. Another boutique will be opened early in October 2009 in the Stückerli shopping centre in Basel on a 480 square metre site.

On 6 June 2009 Interio will launch the new stock management system SAP-Retail. Preparations for this (system modifications, training, etc.) began in 2008.

LE SHOP AG

INNOVATIVE ECO-ACCOUNT

In its tenth year, the CHF 100 million sales mark is passed for the first time. In its tenth year in business, Le Shop.ch once again recorded strong growth of 21 per cent compared to the year before, despite the slack economic situation, achieving record sales of CHF 112 million. This was due in part to the strategic expansion into Ticino and into Bündnerland. With deliveries newly available in these regions, total coverage now extends to more than 90 per cent of all Swiss households.

Due in no small measure to the geographical expansion, online shopping is part of everyday routine for increasing numbers of Swiss: some 46,000 customers from all language regions regularly order their big weekly shop from Le Shop.ch. Their average shopping basket totals CHF 223, which was 5 per cent up on 2007.

The increase in the shopping cost value is helped by the ongoing expansion of the range of products, which has now grown to about 12,000 items. This year, some 6,000 underwear items from the Migros assortment have been launched, along with a number of branded underwear articles. Personalisable T-shirts have also been added to the assortment in partnership with the textile specialist Garantex.

The most important innovation is very much geared to environmental protection, which is increasingly affecting consumer awareness and consumers' buying decisions: the world's first personal eco-account in online trading calculates the energy and CO₂ consumption, time cost and transport costs of every order in comparison with individual shopping using a car. There are already 12,500 customers who have opened their eco-account.

Also new on the scene is Le Shop.fm, the first bilingual Internet radio station in Switzerland. The station features hits and recipes, and in just a few months has built up a loyal listener base; it was also the first Swiss broadcaster to join the iTunes radio list.

Finally, to celebrate the jubilee, the recipe book "Generation Le Shop" was published, featuring portraits of the Le Shop community and various Swiss personalities.

MAGAZINE ZUM GLOBUS AG

LEADING IN THE PREMIUM SEGMENT

Business at the flagship stores in Zurich and Geneva is doing better than average. Last year, Magazine zum Globus topped sales by 2.9 per cent on the year before, at CHF 803.8 million. Globus increased its sales by 2.4 per cent, totalling CHF 719.6 million. Herren Globus reported sales of CHF 74.5 million, a growth of 4.2 per cent. The consistent application of the "Globus to the top" strategy, and future-oriented investments will enable Globus and Herren Globus to maintain their position as Switzerland's leading premium supplier in the future.

The strongest growth was at Globus Lucerne, up by 8.5 per cent; the complete reorganisation of the store carried out over recent years is paying off. There was also better than average growth at the two Globus flagship stores on Bahnhofstrasse in Zurich and on the Rue du Rhône in Geneva.

The first results are emerging from the strengthening of the fashion ranges and the expansion of the brand portfolio in ladies' fashions. With sales up by 8.9 per cent, this merchandise group achieved the highest growth. Accessories, perfumery and catering all reported above average sales and rates of growth.

At Herren Globus the Berne site performed particularly well. The "Männerwelt" (man's world) concept – everything for the man: clothing, accessories, footwear and perfume – exceeded all expectations with its first airing.

In 2008 Globus invested around CHF 50 million in the Berne conurbation. The Globus store in Berne's city centre is now sparkling after its makeover – a lifestyle house where any wish can come true. The technically expensive and intensive conversion was completed at the end of October. Early in October Globus moved into its 13th store in the new Westside shopping centre in Bern-Brünnen; at the same time Herren Globus opened Switzerland's first Strellson shop in the Westside centre.

Despite the difficult economic environment, in 2009 Globus will be investing in existing and new sites. For instance, planning has begun for the 14th Globus store in the Balaxert shopping centre (Geneva); opening is scheduled for 2010. Herren Globus is to open another store in the new Stücker business park in Basel, and in St. Gallen introduce

the “Männerwelt” concept launched in Berne at a new location and on a larger area.

MIGROL AG

THE SHOP BUSINESS JUST GROWS AND GROWS

The convenience store business at filling stations is being further expanded with the new shop concept migrolino. The international oil market had never experienced such turbulent times as it did in 2008. On 3 July 2008, the price of standard Brent crude reached a record USD 146.08 a barrel, then on 5 December 2008 trading closed at USD 39.74 a barrel, a reduction of no less than 73 per cent within just five months.

Prices of oil products such as petrol, diesel and heating oil, which are the main products of Migrol's oil business, also fluctuated in line with the price of crude oil. In the fuel sector, the fluctuating prices generally had no impact on demand. The heating oil business, however, certainly perked up, with consumers taking advantage of the falling heating oil prices to replenish their low stocks.

Sales in the fuels area moved in line with market trends. In the heating oil business, Migrol was able to make the most of having a fleet of tankers available to maintain a constant service to its customers, even when demand was highest in the late summer and autumn. As a direct result, Migrol managed to consolidate, and actually slightly improve its market position.

One of the most notable innovations of recent years has been the development of the migrolino shop concept and its initial launch at the newly built filling station in Stans. The new migrolino shop incorporates all the latest know-how about running small-area shops, and is an important step towards the further expansion of the shop and convenience business.

Coinciding with the launch of migrolino, the collaboration with Shell has been intensified. In future, therefore, migrolino shops will not only be found at Migrol filling stations, but also at numerous Shell sites in Switzerland. In return, the large filling stations with migrolino shops run by Migrol will sell Shell fuels under the Shell brand. This is a unique concept for Switzerland, and was tried out over a period of several months at a total of eight fill-

ing stations, four Migrol and four Shell, although still under the “avec” shop brand. The test results were so good that both sides decided to continue and expand this business model.

As a whole, the filling station shop business is still growing strongly. As well as the product assortments, which are constantly being improved, the expansion of the filling station network, with new and renovated stations, is also contributing to this growth.

Once again in 2008 the filling station network absorbed the bulk of the investments, totalling CHF 37 million. Some areas of the network are outdated, and require constant renovation; the network also has to be adapted to the convenience store business that holds such promise for the future. In 2008 Migrol opened eleven new or fully rebuilt filling stations with a shop, and at eight sites replaced the technical facilities, in some cases completely.

For 2009 the focus will be on the implementation of the migrolino concept at those stations that are suitable, and on the collaboration with Shell. At the end of the year, customers will be able to pay for Shell fuels in a migrolino shop at a total of 100 filling stations in Switzerland. This project poses some serious challenges for Migrol, which can only be overcome with competent and motivated employees. For this, it is essential to strengthen organisation and management.

Although prices have fallen sharply, the oil market is expected to remain static for the whole of 2009, whereas the convenience store business will continue to expand. With migrolino, Migrol is well prepared for it.

OFFICE WORLD AG

MULTI-CHANNEL STRATEGY SET TO CONTINUE

Expanding into shopping centres and town centres with the new “city shop” format. Office World, the leading multi-channel supplier in the office supplies, office technology and office furniture and equipment market, successfully consolidated its market position in 2008, despite the more difficult underlying economic conditions in an extremely competitive environment, and won further market share. Net sales rose by 4.1 per cent to over CHF 110 million, in spite of constant pressure on prices.

All product groups – office supplies/stationery, office technology and office furniture and equipment – contributed to growth, even though the pressure on prices, especially in the technology segment, has further increased. The expansion of the online business, and the entry into the medium-sized and large customer business, both helped to achieve above average growth. In the coming years, Office World will build up the number of key accounts and sales representatives, in order to become a major market player in this business segment. Investment has also increased in the Customer Service Centre. This expansion will enable Office World to deal even more quickly and efficiently with changing customer needs in all sales channels.

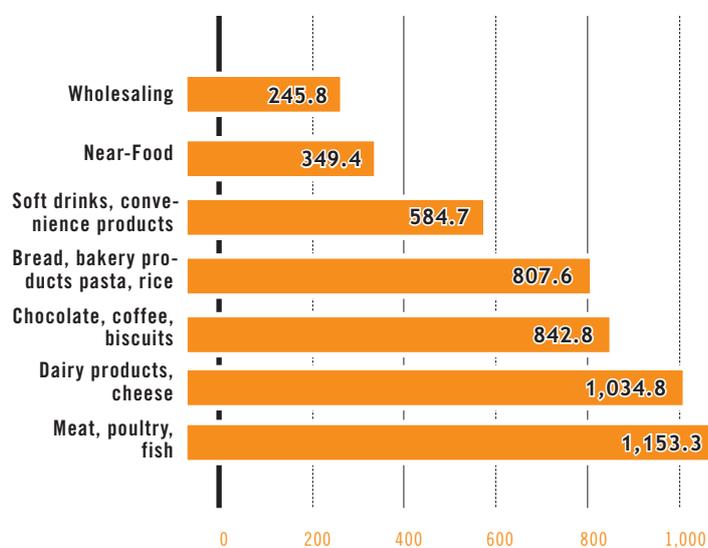
Office World aims to continue to grow over the coming years. The successful installation of the SAP-Retail integrated stock management system in autumn 2008 created the right systems technology environment for it to do so. With this installa-

tion in place, Office World is now in a position to guarantee its customers in all sales channels a comprehensive and better-than-average service. The company's multi-channel strategy can thus be experienced to the full.

Office World is again aiming at a targeted store expansion in 2009. The "city shop" format, with about 200 square metres of sales area, has been developed for that purpose, in addition to the specialist market format. The aim of this is to expand more into shopping centres and town centres. This format brings "offline and online worlds" even closer together, and offers the customer a full range in a small space. In 2009 Office World will maintain a strong customer focus, and a sustainable policy on service, product mix, price and promotions as the key element of its marketing. The first city shop will open on 26 March 2009 in the Emmen Centre in Lucerne.

INDUSTRY AND WHOLESALING

MIGROS INDUSTRY, SWITZERLAND: NET REVENUE
FROM SALES OF GOODS AND SERVICES 2008 (CHF million)



CHANGE
FROM 2007 IN %

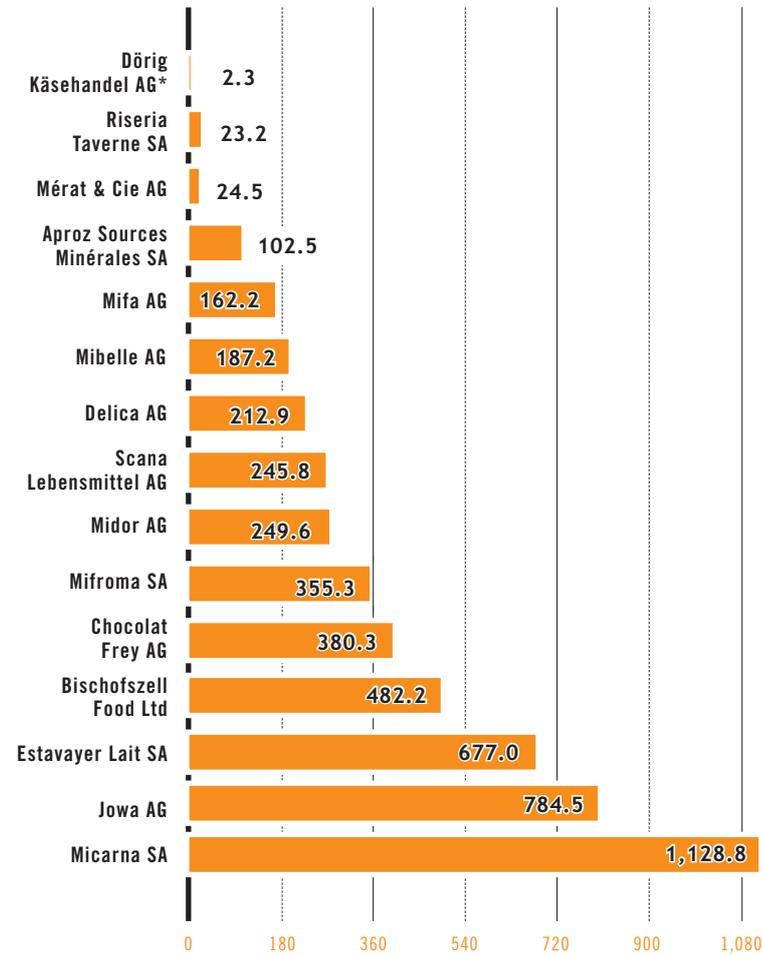
Wholesaling	12.1
Near-Food	-0.2
Soft drinks, convenience products	6.6
Bread, bakery products, pasta, rice	7.2
Chocolate, coffee, biscuits	3.4
Dairy products, cheese	11.0
Meat, poultry, fish	13.7

EXPORTS AS A PERCENTAGE
OF SALES
(Total 6.9%; 2007 7.4%)

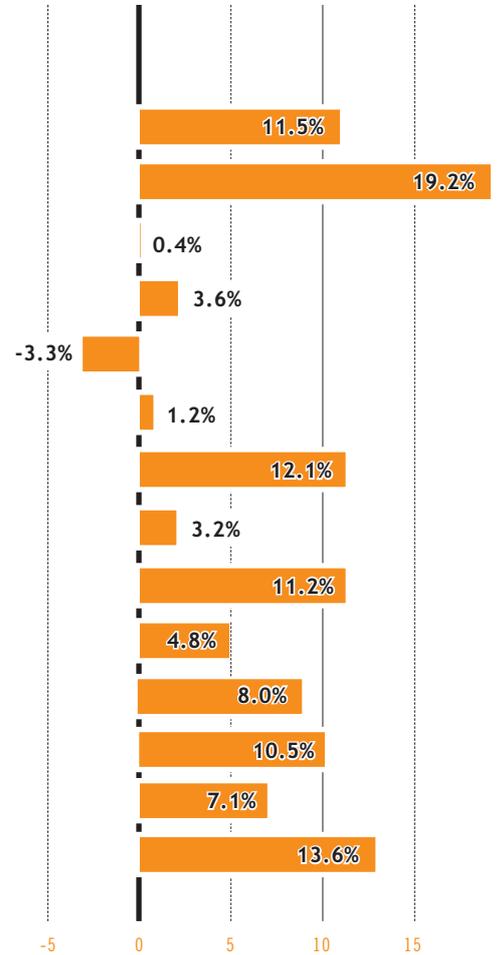
	2008	2007
Wholesaling	0.0	0.0
Near-Food	29.2	31.3
Soft drinks, convenience products	4.8	4.4
Bread, bakery products, pasta, rice	2.2	1.9
Chocolate, coffee, biscuits	20.8	21.7
Dairy products, cheese	2.1	1.9
Meat, poultry, fish	0.0	0.1

BUSINESS UNIT	ENTERPRISES	EMPLOYEES 2008	INVESTMENTS 2008 CHF MILLION
Wholesaling	Scana Lebensmittel	224	2.8
Near-food	Mibelle, Mifa	777	20.6
Soft drinks, convenience products	Bischofszell Food, Aproz Sources Minérales	1,052	55.4
Bread, bakery products, pasta, rice	Jowa, Riseria Taverne	3,271	20.7
Chocolate, coffee, biscuits	Chocolat Frey, Midor, Delica	1,678	36.4
Dairy products, cheese	Estavayer Lait, Mifroma, Dörig	815	31.1
Meat, poultry, fish	Micarna, Mérat	2,057	24.8
TOTAL		9,874	191.7

NET REVENUE FROM SALES OF GOODS AND SERVICES
MIGROS INDUSTRY SWITZERLAND 2008
2008: CHF 5,018 million (2007: CHF 4,633 million)

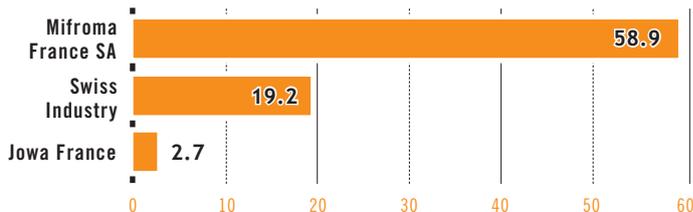


PERCENTAGE CHANGE,
2008 from previous year

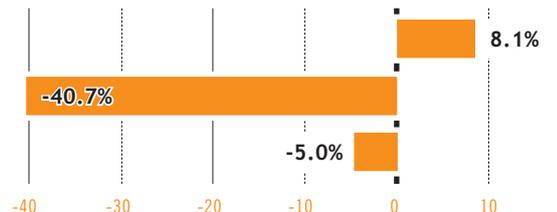


* from 31.10.2008

NET REVENUE FROM SALES OF GOODS AND SERVICES 2008,
MIGROS INDUSTRY OTHER COUNTRIES
2008: CHF 81 million (2007: CHF 89 million)



PERCENTAGE CHANGE,
2008 from previous year



GENERAL REVIEW OF INDUSTRY AND WHOLESALING

DYNAMIC GROWTH

In 2008 total sales by the Migros Industry enterprises topped the CHF 5 billion mark for the first time. In 2008 the Migros Industry enterprises successfully continued to follow their chosen course, with growth totalling 8.3 per cent. With the acquisition and development of new customers, the business has grown by 5 per cent in organic terms. The rest of the growth in sales was driven by raw material based rises in costs that could not be offset by increases in productivity. In 2008, total net sales topped the CHF 5 billion mark for the first time, and the strong market positions were consolidated and expanded.

Development in all customer segments was again satisfactory. The Migros channel grew by 8.7 per cent, with business at Le Shop and the filling station shops recording solid above average growth. Business with third party customers in Switzerland put on 10.3 per cent, thanks to the expansion of the bulk consumer business. In local currencies, exports grew by 9 per cent, and in CHF terms by 1 per cent.

The strongest growth of 13.7 per cent was achieved in the **“meat, fish and poultry”** business unit. The strong growth was helped by the expansion of the catering services business, focussed activities in the fish and poultry segment, and new products.

Migros has won further market share in the **“dairy products & cheese”** business unit. This was due to its concentration on core product assortments, the development of the third-party customer business and attractive market activities. Further steps have been taken to strengthen the core assortments and key markets by the takeover of the French company Baïko in St Julien-en-Genevois, (June), and of Dörig Käsehandel in Urnäsch (August).

The **“bread, bakery & pasta products and rice”** business unit has grown strongly, putting on 7.2 per cent. In the Migros channel, customers really appreciate having warm bread available until store closing time. And the third-party customer business has expanded substantially in Switzerland and abroad, thanks to the high level of competence and professionalism.

Sales in the **“chocolate, coffee, biscuits”** business unit rose by a total of 3.4 per cent. Chocolat Frey managed to consolidate its pole position in the Swiss chocolate market, thanks to its strong seasonal selections. Delica has completed its transformation into a purely industrial enterprise, and has scored a great success with the Delizio coffee capsule system. At Midor, the bulk consumer and export businesses played a disproportionately major part in growth.

The **“soft drinks & convenience products”** business unit achieved a good result, with sales rising by 6.6 per cent, well up on the previous year, despite price markdowns on a number of Migros products. The continued expansion of the soft drinks business, many new products

in the convenience segment and the development of the catering business all had a particularly positive effect on sales.

In the **near-food** sector (cosmetics, detergents and cleaning materials), business concluded at the same level as the year before, although there were major differences in growth on the domestic and foreign markets. In the Migros channel, sales increased by 3.7 per cent, resulting in the winning of further market share in the detergents and cleaning materials sector. In the cosmetics branch, the new own brand “I am” has laid the foundations for the successful development of Migros' own brand assortments. The international business was down (by 6.8 per cent) in Swiss franc terms, as a result of currency fluctuations. New concepts and innovative products have won major new customers, which will have a positive impact on business in 2009.

In the **wholesale** business unit, the expansion of Internet services and the product assortments helped Scana Lebensmittel AG to win a substantial share of the market. The collaboration with Cash & Carry Angehrn has been intensified in order to expand its position in the bulk consumer market.

EXPORTS AND INTERNATIONAL BUSINESS

In local currencies, the export business advanced by an encouraging 9 per cent, and in CHF by 1 per cent to CHF 346 million. Losses by the UK and US currencies against the CHF had a considerable impact on the result.

Geographically, the main focus for business were the major European markets, Germany, the UK and France. Promising relations have also been established with customers in North America.

In France, the takeover of the Baïko dairy in St Julien-en-Genevois has enabled Mifroma France to further consolidate its market position.

PROFITABILITY

The predominant feature of 2008 was the unprecedented volatility of raw material and commodity prices and the currency markets. Because of the fiercely competitive market environment, the greatly increased costs could only be passed on to a limited extent, if at all. Thanks to intensified programmes to raise productivity, and extra volumes, there was a slight increase of 3.9 per cent in the operating profit (EBIT).

INNOVATIONS

Migros Industry continued to develop its innovation management programme in 2008, thereby actively supporting the differentiation strategies of its key customers. The proportion of sales attributable to all new products in 2008 was over 10 per cent. Among the successful new products from 2008 are:

- Total Color Protect: detergent with active colour protection in a 2-chamber bottle
- Delizio Compact Energy Safe: coffee capsule machine with power-saving mode
- Zoé Effect: High-tech skincare line from reducing wrinkles
- I am: cosmetics range especially for young skin
- Anna's Best: convenience products recommended by Michel Montignac
- Chocolat Frey: Hot Chilli Pepper Suprême chocolate
- Aproz: Valais mineral water with an original bottle design

INVESTMENTS IN LOCATION SWITZERLAND

In 2008 a total of over CHF 192 million (2007: CHF 203 million) was invested in Migros Industry, and thus in Production Location Switzerland. At Mifroma in Ursy, the commissioning of the automated order picking store and the new production areas is the foundation stone for the next phase of development. At Bischofszell Food, the setting up of a platform for convenience products is proceeding on schedule; completion is planned for autumn 2009. At Elsa in Estavayer-le-Lac work has begun on the major project ELSAvenir; the aim is to build one of the most efficient dairies in Europe. At Micarna, the old building has been renovated in Courtepin and new deep-freeze infrastructures created. As well as this, all companies are investing in environmental projects, which is helping to meet the ambitious targets for reducing CO₂ emissions.

GENERAL SITUATION IN THE REGULATORY ENVIRONMENT

Migros Industry basically welcomes an agreement with the EU in the agricultural and food sector. It firmly believes that the opportunities for sustainable development along the entire value-added chain outweigh the risks.

The planned unilateral adoption of the Cassis-de-Dijon principle is approved, but it must include effective measures to prevent discrimination against domestic producers.

PERSONNEL

At the end of 2008 the 16 Migros Industry enterprises in Switzerland had a total of 9,874 employees (2007: 9,789). Migros Industry currently has 317 apprentices (2007: 310) being trained in more than 15 trades.

ENERGY POLICY

Electricity consumption by Migros Industry rose in 2008 by 1.0 per cent, which was much less than production volumes, while heating consumption actually fell compared to 2007.

CO₂ emissions have been cut by 1.7 per cent compared to the previous year. The Migros Industry enterprises are also on target with the CO₂ agreement; if they continue with the measures already adopted, the targets agreed for 2010 with the Energy Agency for Industry (EnAW) on energy efficiency and CO₂ reduction can be achieved.

OUTLOOK

The Migros Industry enterprises will continue to follow a strategy for growth in the future based on a strong Industry Location Switzerland. In Switzerland itself, strategic growth will be centred on the optimal utilisation of potentials within the Migros Community and on the development of bulk consumer operations. The rolling development of the international business will continue, with the target of reaching sales of CHF 700 million by the year 2012. The focus will be on consolidating marketing power in the principal markets and on the targeted expansion of the product assortments.

THE INDIVIDUAL MIGROS INDUSTRY ENTERPRISES

APROZ SOURCES MINÉRALES SA

215 MILLION LITRES

With prices falling, Aproz can increase its sales volume. The soft drinks business is very much at the mercy of the weather. In spite of the somewhat inclement weather conditions in the summer of 2008, Aproz managed to increase its sales volume by 2.1 per cent to 214.8 million litres. This was its second biggest volume total since the extraordinary year 2005.

As a result of the numerous price cuts and disproportionate growth of M-Budget products, the average selling price per litre fell once again in an always fiercely competitive market environment. Although there was a further rise in procurement costs for certain raw materials, the company result has improved by over 5 per cent, thanks to effective controls on operating costs and increased productivity.

Ninety per cent of finished products are still transported by rail; this underlines Aproz' commitment to the environment, which is also evident from its increased use of recycled materials for the manufacture of bottles. Over 25 per cent of PET consumed now comes from recycled material.

In order to promote sales on the export markets, the "Valais" brand of mineral water is being launched with a new design that clearly emphasises the product's Swiss origin and quality. The initial sales figures for the end of 2008 are encouraging.

On 1 November 2008 Seba Aproz SA changed its business name to Aproz Sources Minérales SA.

BISCHOFSZELL FOOD LTD

PARTNER FOR THE CATERING
SERVICES INDUSTRY

Bischofszell Culinarium strengthens its position as a competence centre for catering services. For Bischofszell Food, 2008 was a highly successful year. Sales topped the CHF 500 million sales mark for the first time, thanks to efficient management of the product assortment, successful concepts and new customers. One of the main challenges was the increase in raw material prices, but the company managed to avoid price rises by raising efficiency levels. The consistent alignment as an own-brand manufacturer is paying off in the three retail business areas: retailing, with the ready meals, beverages, potato products and fruits business units; Bischofszell Culinarium and exports.

In the retail sector, product leadership is backed up by innovative and competitive assortments. Bischofszell Culinarium is a dependable partner for catering services. Competent product development and procurement, coupled with opportunities in production and specialised logistics have together consolidated its position as a competence centre for catering services.

CHOCOLAT FREY AG

"NUMBER ONE SUPPLIER OF CHOCOLATE"

The leading company in the Swiss chocolate market has successfully launched the traditional Frey brand abroad. Chocolat Frey reaffirmed its leading position on the domestic market, and has also managed to hold its ground on the international markets. In terms of sales, 2008 ended on a record high. The volatile raw material markets posed a particular challenge; on the international

commodity exchanges prices for cocoa products soared to unprecedented levels. Swiss commodities were also caught up in the slipstream, with milk prices in particular rising sharply.

Because of its substantial share of the market, Chocolat Frey can almost be regarded as the “number one supplier of chocolate” to the people of Switzerland. This status was boosted by strong seasonal campaigns; for Easter 2008, for instance, well over 6 million Easter bunnies were produced and sold.

The internationalisation of the traditional Frey brand that began at the end of 2007 has continued successfully. The primary focus for 2008 was the development and expansion of the travel-retail business. Thoughts of home are stirred in faraway places if people can buy chocolate from the Swiss market leader at international airports and in travel centres.

Chocolat Frey is investing massively in Production Location Switzerland. In 2008, for example, basic chocolate manufacture was developed and re-structured, firstly to expand capacity, and secondly to ensure that the “100 per cent made in Switzerland” quality pledge can be maintained in the future. As a result of the growth, there was a shortage of available space in the sales department, and in the spring employees were able to move into a new administrative building built to the Minergie Standard. The efforts that Chocolat Frey AG is making for the environment were also rewarded by the granting of ISO 14001 certification to its environmental management system in 2008.

Chocolat Frey is the only company in Switzerland that manufactures chewing gum. In 2008, this business unit reached the limits of its capacity, thanks to extraordinary growth in turnover and sales; those limits have been considerably broadened by an expansion project.

DELICA AG

DESIGN AWARD IS THE WAY TO SUCCESS

The close alliance with Chocolat Frey makes Delica fit for the international market. The Delizio capsule system is still proving to be a success. In 2008 there was another double digit percentage rise in sales. The company was delighted to receive the international “Red dot Design Award” for the new “Compact” range of capsule coffee machines. The energy-safe concept of this type of machine

– when in standby mode it saves up to 99 per cent of CO₂ emissions – shows that design and revolutionary technology can most certainly be harmonised in everyday consumer items. In mid-2008 the third bottling plant was successfully commissioned, enabling the company to cope with the growth in the capsule business. As well as the coffee business, there was also a successful relaunch of herbs and spices in the Migros channel, with the addition of a number of new products.

There has been a sharp rise in raw material price volatility on the international commodity exchanges. The increase in commodity prices, especially for coffee beans, left its mark accordingly on the course of business in 2008.

Having now given up its logistics operations and customs clearance services for third parties, Delica has completed the process of transformation into a purely food processing enterprise. Thanks to its close alliance with Chocolat Frey, Delica can now benefit directly from its sister company’s expertise in the international business that it intends to step up in the future. The centralisation of the two companies’ administrative operations in Buchs (AG) and corresponding cost savings will help Delica to get fit to face the competition.

ESTAVAYER LAIT SA

MILK GETS YOU GOING!

Innovative products contribute to a stabilisation of the market-shares. The price of milk rose twice in succession in 2008, which had a major impact on the market. As 2009 began, the base price fell back sharply.

Estavayer Lait, with its assortment of dairy products (cream cheese, quark, desserts, yogurts, beverages, milk, cream), food products (vinegar, mayonnaise, sauces) and commercial goods, reported satisfactory growth on the domestic market, both in the Migros retail sector and in the bulk consumer market. Its share of the principal markets (milk and cheese) in Switzerland has been stabilised, or even increased, thanks to a targeted policy on product mix, quality and marketing. On the innovations side, the main projects were the relaunch of the Léger range and the development of the Aha, M-Budget and Sélection product lines.

The Swiss Délice export assortment has been expanded to include new “Gourmands” yogurts and

a new, wide and attractive range of cheese. Exports of Swiss Délice specialities to France, Germany, Italy and Portugal have increased. People in France and Germany have become more familiar with the Swiss Délice brand.

The ELSAvenir project started in 2008; it will run for five years and aims to optimise production flows and increase competitiveness.

JOWA AG

OVEN-FRESH BREAD

Bread is now fresh baked in almost 95 per cent of Migros supermarkets, all day long. Jowa had a successful year in 2008. As part of the “oven-fresh bread” strategic concept, there has been further major investment in providing sufficient bakery areas in the supermarket stores. At present, just under 95 per cent of the supermarkets have an in-store bakery or bake-off units. Consumers really appreciate this consistent focussing on baking in-store, and having a ready supply of warm bread until store closing time. This success is reflected in the growing market share and in the positive assessments of the image and performance of Migros in the bread/small bread assortments. Today, one in every two loaves of bread sold in the retail sector is bought at Migros.

A number of new products for everyday enjoyment, products offering an even higher level of convenience, and products for nutrition-conscious consumers were also developed and launched in 2008. The new Premium range of patisserie products, delivered fresh daily direct from our patisseries, is proving extremely popular.

Jowa products are also in demand outside Migros. Thanks to the variety of our range of frozen bread and bakery products, new customers have been won in the Swiss catering services and convenience stores sector. For instance, Swiss consumers can now buy Jowa bakery products at over 80 Shell filling station shops.

There has also been satisfactory growth on the export side. Jowa frozen appetisers and snacks are now available in the UK, and fresh pasta products are already selling in their millions in Italy.

MÉRAT & CIE AG

TOP PRODUCTS FOR THE CATERING INDUSTRY

The specialist in meat products for the catering industry is gearing itself up nationally. As a competent full-range supplier to the catering services sector, the traditional meat products specialist Mérat achieved over 70 per cent growth in the “traditional catering services” and “system gastronomy” market segments. The meat trading business, which is not part of the core business, has been outsourced, which is the reason why overall growth is lower, at 18.9 per cent.

The bulk consumer market is very heterogeneous, and individual needs are correspondingly diverse. Luxury catering benefited from the good feeling among consumers, and was on the lookout for exclusive products. With the launch of the new “Swiss Gourmet Beef” range, premium products with an emotional history were offered to this segment. The market generally continues to be highly price sensitive.

Marketing has been intensified; the new have been platforms in Vucherens and Zurich opening up new catchment areas. The resultant greater proximity to customers enables direct supply, and processing through the strategic partners. Mérat & Cie AG is fast establishing itself as a leading gastronomy service provider in the meat sector, with national aspirations and a solid regional base.

MIBELLE AG

NEW NAME FOR COSMETICS

The new “I am” brand brings all the former Migros cosmetics brands together. In 2008 Mibelle launched the new Migros brand “I am”, replacing the existing independent Migros cosmetic brands (Jana, Iduna, Flair etc.). Domestic sales were once again up on the previous year, despite the growing competition from external brands in Migros stores.

In the international business, two new customers have been gained in Canada. There is massive potential for growth in North America, as there is in the key markets, Germany and the UK. Now that Mibelle has pulled out of its less profitable businesses, export sales have fallen. The collapse in the

price of a number of foreign currencies in the wake of the financial crisis has also had a negative impact on sales and income.

The granting of a licence by Swissmedic for the production of toothpaste with therapeutic qualities marked an important milestone for the international orientation of Mibelle. A number of key projects have helped to reduce costs, expand capacities and raise productivity.

Investments by Micarna amounted to over CHF 24 million in 2008. The new deep-freeze production facility was commissioned in September; this had been necessitated by the increased demand for convenience products. The fourth phase of the Optifutura project was completed on schedule. In 2008, a start was also made on the renovation of the chiller facilities in Courtepin and Bazenhaid, which is due for completion by 2010.

MICARNA SA

MORE FLESH ON THE BONES

Sales topped the CHF 1 billion mark for the first time in this Jubilee year. The foundation stone for Micarna SA was laid 50 years ago. The philosophy formulated at the time, of having “one stop for everything” (“alles aus einer Hand”), is followed more closely than ever at Migros. The company’s 50th birthday was celebrated by employees, VIP guests and retired members of staff.

The Migros meat, poultry and fish specialist reported growth of 13.6 per cent in 2008 (2007: 13.8 per cent). Swiss meat was in rather short supply at times, which meant that certain sales measures had to be adjusted at short notice. Some of the rising raw material costs were absorbed, thanks to improved productivity. Although consumer sentiment in the meat market can basically be regarded as positive, the battle over prices and for market share is fierce.

The various Micarna product assortments have been analysed and streamlined, and a lot of the packaging has been modernised. The changeover from the M7 quality label to TerraSuisse has made communication more emotional. In the spring, the Optigal brand for Swiss quality poultry was launched exclusively in Migros. The new barbecue range was also unveiled with its new logo, just in time for the barbecue season. Sales forecasts for Euro08, for which additional products were developed, literally foundered in the rain.

The export business has continued to forge ahead, and important contacts have been set up. High quality traditional Swiss products, such as the legendary cured and air-dried beef speciality Bündnerfleisch, are very big internationally. The export strategy has gained in importance following the takeover of the Natura Bündnerfleisch drying plant in Tinizong at the beginning of 2009.

MIDOR AG

QUALITY OF LIFE FROM MEILEN

Following the changeover to unhardened fats, the focus has shifted to natural flavourings.

Migros retailing maintains a consistently high market share with the bakery products and ice cream assortments from Midor. The wholesale and export businesses were very successful; exports were up by over 10 per cent. The massive hike in the prices of individual raw materials, packaging materials and electricity posed a huge challenge. In spite of this, Midor managed to consolidate its position on the Swiss and overseas markets.

Food safety is a central issue at Midor. In this respect, too, every effort is made to maintain the highest quality standards, and this was rewarded by the top marks achieved in the BRC and IFS audits. With ISO 9001:2008 certification, the enterprise meets the highest demands that can be placed on a food production business.

Improving quality of life is important to Midor, and is at the heart of its development work. For example, no hardened fats are used any more in any products. Work is now under way on the new goal, to change over to natural flavourings and colouring agents. This improvement has already been applied to many products.

Midor’s endeavours to protect the environment are also bearing fruit; with a newly installed heat pump, it recovers 15 per cent of the heat generated by cold production as energy for heating, and uses it to heat water. This important environmental project has enabled direct CO₂ emissions to be cut by a quarter.

The bulk of the investment for 2008 was made in the further automation and expansion of capacity in production facilities, so that the planned growth over the coming years can be achieved.

MIFA AG

RECOGNITION ABROAD, TOO

Eco-friendly detergents are going down well all over the world. Sales at Mifa were most encouraging in 2008. There was a substantial increase in market share for universal detergents, thanks to new products, increased selling prices and more aggressive promotional campaigns. Total Cool Active detergent was the first product at Migros to display the CO₂ label. This label is awarded to products that are significantly less harmful to the environment than conventional products. In May 2008 Mifa also received BRC certification at the first attempt.

Gaining the British supermarket chain Tesco, which now has a global presence, as a customer formed the basis for a major expansion of the export business. There were positive developments in the business with the new Canadian customer Loblaw; the product assortment has been expanded, and sales of the products are growing well. In November Mifa was honoured by Loblaw as the “Supplier of the year”.

The steep rise in raw material costs in the third and fourth quarters of 2008, and the collapse in the price of a number of foreign currencies had a negative impact on income. On the materials side, massive savings were made as a result of using alternative raw materials and making changes to recipes.

In the food sector, sales were up by over 10 per cent, despite the difficult market environment. This was certainly helped by the numerous innovations in the butter products, margarines and edible fats areas, but also by the fact that Mifa was able to pass the huge mark-ups in raw materials on to customers.

MIFROMA SA

MORE CHEESE FOR YOUR MONEY

The big portions in the “Maxi” product range are the response to the economic situation. The increase in the price of milk in 2008 led to higher prices for all varieties of cheese. The Euro-

pean market went through the same upheaval. Signs of a reversal in the trend only started to appear at the end of the year, and a fall in prices is predicted. The extensive assortment of cheeses available from Mifroma enabled it to increase sales volume, as well as sales within the Migros retail channel, at Le Shop. ch and trading with Migros Industry and Catering Services.

The dynamics of the market necessitate rapid adjustments to the needs of consumers. The “Maxi” product range, offering family portions at attractive prices, was developed against the background of the economic situation. A number of speciality items have been added to the “Sélection” and “Heidi” product lines.

The development of the logistics structure at Mifroma is now in the final phase. The new structure will enable improvements to be made to productivity and in customer services.

MIFROMA FRANCE SA

YOGURT FROM THE MOUNTAINS

The takeover of the French Baïko brand has broadened the horizons for the yogurt business. The general increase in milk prices had a considerable impact on the market in 2008, and consequently led to a sharp decline in sales volume. The effects are mainly felt in the dairy industry. In the retail sector, over-the-counter sales are being increasingly edged out by off-the-shelf sales of fresh-packed products.

On 27 June 2008 Mifroma France took over the Baïko brand (“Le yogurt des Alpes”), based in Ar-champs in France. This acquisition will broaden the company’s business horizons, especially in the yogurt segment.

A range of pre-packed cheese has been launched onto the European market. Among the other innovations are a new Bio cheese line. The new look for “Swiss Délice Fromages” and the new line of ultra-fresh “Maîtres Pâtissiers” products were presented at the SIAL trade fair in Paris.

The expansion of the production building is almost complete. The additional 1,500 square metres of space will help to optimise logistics in particular.

RISERIA TAVERNE SA

PRACTICAL PORTIONS

More than half of the rice in Switzerland is bought at Migros. High prices on the world market and reduced product availability impacted on the sourcing of rice in 2008. Individual regions imposed export bans at times. But this situation did not cause any supply problems for Migros; Riseria Taverna purchases 70 per cent of its partially hulled rice from Asia and 30 per cent from Italy. Rice is still not being supplied from the USA because it cannot guarantee to supply rice that is GMO free.

Rice consumption in Switzerland is up by 2 per cent compared to 2007. Migros has further extended its market share in kilograms to 52.1 per cent.

In 2008, Riseria Taverna introduced new rice specialities in 250 gram portions at Migros. For the bulk consumers, a new line has been introduced at Scana and CCA under the name "la Riseria". The export assortment has been revised and a number of convenience products added to it.

Practical rice portions in cook-in bags are another new development; they will be produced at Riseria Taverna and introduced into the Migros assortment in 2009.

The new Internet based information, communications and order platform "Scana INTEGRALE" is fast becoming the key factor in the company's success, and already over 30 per cent of customers' orders are placed electronically. This means that customers can resolve many administrative tasks easily and fully. Restaurateurs really appreciate these wide-ranging services, because they help them to coordinate their operational procedures better, and relieve some of their burden.

Gastro-concepts such as "i gelati" (ice cream), "Inflagranti" (coffee), "Jowa" (frozen bakery products) and "Winehouse" (quality wines from around the world) are developing reasonably well, and are being further expanded. The range of frozen products, with sales up by 40 per cent, has also played a major part in sales growth across Switzerland. There has also been success in convincing important new major customers of the benefits of a partnership with Scana.

Another key event of 2008 was the renewal of the IT infrastructure. In September, the existing ERP system was replaced by SAP software. Thanks to solid groundwork and committed employees, this changeover was completed efficiently and without seriously disrupting daily operations.

SCANA LEBENSMITTEL AG

THE COMPETENCE CENTRE FOR CATERING SERVICES

One-third of orders from catering services wholesalers are already placed electronically. The national catering services wholesaler Scana Lebensmittel AG continued to grow strongly in the static Swiss catering market, winning market share and consolidating its position as market leader. The strategy developed over recent years to build Scana into a competence centre for the catering services industry and move away from being a traditional logistics service provider to become a solutions provider for the catering sector is being consistently implemented, and is bearing fruit.

FINANCIAL SERVICES

FINANCIAL SERVICES CHF MILLION	2008	2007	CHANGE IN %
INCOME FROM FINANCIAL SERVICES BUSINESS			
Net revenue from sales of goods and services	3.4	3.4	0.0%
Income from financial services	1,019.1	992.6	2.7%
Other operating income	0.0	1.3	-100.0%
TOTAL INCOME	1,022.5	997.3	2.5%
RESULT BEFORE INTEREST AND TAX	207.5	263.6	-21.3%
<i>Other information</i>			
Segment assets	30,822.4	28,914.7	
Investments in long-term assets	93.4	19.9	
Number of employees	1,424	1,371	

MIGROS BANK AG

SOLID RESULT DESPITE THE FINANCIAL CRISIS

Migros Bank has again substantially increased its market share. Thanks to its cautious risk policy and its focussing on the Swiss market, Migros Bank has not been directly affected by the worst crisis to hit the international financial markets for decades. Despite the adverse economic trend, Migros Bank managed to attract many new customers, and to further increase its market share.

Mortgage lending rose by 6.1 per cent from the year before to CHF 24.2 billion, a rate of growth once again approximately double that of the market. Migros Bank recorded an even greater increase, of 10.3 per cent, in customer deposits, which at the end of 2008 amounted to CHF 24.0 billion. In the last financial year, the total inflow of new money reached CHF 2.6 billion. As a result, the figure from the same period the previous year was exceeded by a substantial 147 per cent.

Income from financial services increased by 2.7 per cent to CHF 1,019.1 million. Profit from the financial services business amounted to CHF 504.1 million. Profit from interest-earning operations rose by 3.9 per cent to CHF 427 million. The fee-earning business also recorded robust growth. Profits were down by 4.6 per cent to CHF 78.4 million. Ticket Fee, the competitively priced uniform tariff for securities trading, helped Migros Bank to attract new customers in the investment sector, largely offsetting the stock market slump. Financial investments, however, showed clear evidence of the stock market fall, reporting a loss of CHF 0.7 million, after the positive CHF 46.1 million result in 2007.

Personnel costs, depreciation and other operating expenses all increased by 6.3 per cent to CHF 299.7 million. Costs rose in particular as a result of the opening of new branches, investments in optimised security for Internet banking and higher personnel costs. The number of employees increased in 2008 from 1,371 to 1,424. All in all, profit before interest and tax fell year on year by 21.3 per cent to CHF 207.5 million.

The branch expansion that began in spring 2008 is proceeding as planned. New branches have already been opened in Langenthal, Amriswil, Thalwil, Schwyz, Pfäffikon SZ, Nyon and Berne-Brünnen. Over the next two years, twelve more openings are scheduled, which will raise the total number of branches to 64.

The launch of the new login procedure for Internet banking, M-IDentity, was also a success. With this product, Migros Bank is setting new benchmarks for Internet banking security all over Switzerland. With M-IDentity, M-BancNet is accessed by means of a USB stick, which incorporates a browser configured specifically for Migros Bank. The USB stick provides maximum protection against any viruses or harmful software (malware) which may be on the user's computer. All customers of M-BancNet receive M-IDentity free of charge. The distribution phase is due to last until April 2009.

Probably the largest and most complex project ever undertaken by Migros Bank, the migration to a new IT platform, is proceeding as planned. The switch to the total banking solution from the Swiss software firm Finnova will be completed by the fourth quarter of 2009. Total investment costs are around CHF 100 million. Migros Bank is expecting

substantial savings in IT costs, which annually run into double-digit millions, once the project is completed. In addition, the new IT platform will provide improved systems support, which will enable Migros Bank to tailor its product better to the needs of its customers.

As part of the M-FEE employee leadership, development and pay project, last year saw the completion of the functional assessment for all activities within Migros Bank. This has created the right environment for further improving employee advancement and payroll transparency on the basis of clear job descriptions and performance targets. This goal will be supported by the expansion of the SAP personnel management system.

The international financial market crisis will also lead to a marked downturn in the Swiss economy. But even if the temporary economic downturn lasts for longer, Migros Bank will be able to maintain its growth strategy, with the solid backing of its own funds, traditionally cautious risk policy and strong basis of trust among its customers. Accordingly, Migros Bank – the friendly alternative in the Swiss financial market – feels that it is in good position to win further market share in the years to come.

TRAVEL

TRAVEL CHF MILLION	2008	2007	CHANGE IN %
NET REVENUE FROM SALES OF GOODS AND SERVICES			
Hotelplan Group	1,927.6	1,978.0	-2.5%
Other operating income	13.6	51.9	-73.4%
TOTAL INCOME (SALES)	1,941.4	2,029.9	-4.4%
EARNINGS BEFORE INTEREST AND TAX	13.6	77.2	-82.4%
<i>Other information</i>			
Segment assets	141.8	118.9	
Investments in long-term assets	15.2	15.2	
Number of employees	2,888	2,996	

HOTELPLAN HOLDING AG

READY FOR THE FUTURE

With the reorganisation successfully completed, the Hotelplan Group has a solid brand and product portfolio to face the challenges of the market. The Hotelplan Group reached an important milestone in 2008 with the reorganisation of all of its operations in Switzerland. The entire portfolio of brands and products have been amalgamated operationally under M-Travel Switzerland (MTCH AG); oriented around customers in Switzerland, this means that it is better able to respond to specific customer requirements. The collaboration with Migros and Denner has been intensified with the launch of the holiday and travel businesses “Migros Ferien” and “Denner Reisen”.

In the UK, the specialist niche strategy targeted by the group has successfully continued with the acquisition of Inntravel, a company specialising in individual holidays in the snow and walking holidays.

Interhome has strengthened its market presence in a very fast-growing sales channel with the launch of “Vacando”, an internet booking platform for holiday homes and apartments.

Net sales by the Hotelplan Group, at CHF 1,928 million, failed to maintain the previous year’s level (-2.5 per cent). Operative capacity in terms of EBIT-DA stood at CHF 41.2 million, 27.7 per cent down on the year before. All of the strategic business units, with the exception of Interhome and Travelwindow, contributed to this negative trend. Sales and EBIT (CHF 13.6 million) were both hit by the significant depreciation of the UK currency; the weaker Euro also had a negative impact on the result. The number of employees fell by 108, or 3.6 per cent, from the previous year. The decrease was primarily due to the sale of Belair Airlines AG to Air Berlin. As a result of the acquisitions in Russia and the UK, however, the group acquired 197 new employees.

In 2008 further progress was made on the ICT Roadmap, started in 2007. The aim of this initiative is to reorganise the entire Hotelplan Group technical set up. It will involve replacing the existing core

tourism-related systems (for example Touroperating Systems), as well as peripheral systems (financial systems, for instance) with the very latest technologies.

With its newly created structures and systems, and a solid brand and product portfolio, the Hotelplan Group is ready for future challenges in the tourist industry and the economy.

OTHERS

OTHERS CHF MILLION	2008	2007	CHANGE IN %
NET REVENUE FROM SALES OF GOODS AND SERVICES			
Limmatdruck	252.9	260.6	-3.0%
Other enterprises	121.9	111.6	9.2%
TOTAL NET REVENUE FROM SALES OF GOODS AND SERVICES	374.8	372.2	0.7%
Other operating income	2.5	3.6	-30.6%
Elimination (internal group income)	14.7	3.4	332.4%
TOTAL INCOME (SALES)	392.0	379.2	3.4%
EARNINGS BEFORE INTEREST AND TAX	61.2	48.6	25.9%
<i>Other information</i>			
Segment assets	714.2	751.5	
Investments in long-term assets	24.4	15.5	
Number of employees	768	729	

LIMMATDRUCK AG

DECORATED PACKAGING IS THE TREND

Stamping technology and the use of gold leaf are turning cardboard packaging into ornaments, and helping the packaging sector to pick up orders with higher value added. The business environment was characterised by further consolidation in the packaging industry and the ongoing rise in prices for the raw materials cartonboard and ink. Continued overcapacity in the industry puts constant pressure on selling prices, making cost cutting a permanent task.

To support and develop its export business, Limmatdruck took part at the world's largest packaging trade fair, Interpack. A total of 2,744 firms had their products on display in 19 halls covering 175,000 square metres on the exhibition site in Düsseldorf.

Limmatdruck shared a 280 square metre exhibition stand with its European partners Copaco, August Faller, Karl Knauer and rlc packaging group. Visitors were inspired by the catalogue of decorative packaging produced especially for the trade fair.

Packaging innovation is and will remain a key driver of the business. The predominant current trend is for stamping technology and the use of gold leaf. This is turning cartonboard packaging into small ornaments, and orders for these products are generating higher value added.

In September 2008 the "One Dose Packaging" for pharmaceutical products from Limmatdruck/Zeiler received the European "Pro Carton/ECMA Award". The packaging comprises an aluminium bag with a cartonboard sleeve, containing a dissection agent from the Syngenta company intended for the African market. Limmatdruck/Zeiler not only developed the cartonboard element, but also designed a machine suitable for automated filling,

which was manufactured for it externally. The jury's verdict was that "The judges had never before seen a pack with this type of opening." "The opening system [is] very practical, safe and simple. Cleverly designed, simple to use and safe to transport." Just one month later, this same packaging solution also won the prestigious "Swiss Star" packaging prize.

In 2008 the SAP corporate software was optimised and the go-ahead given for "continuous improvement". Over the next few years, project work will continue to focus on this streamlining of processes.

In 2008, the policy of continual replacement of machine equipment took the form of investment in a 6-colour printing machine with dual coating and in a punching machine with fully automated stacking logistics. The Zeiler company in Köniz is therefore concentrating on the 70 x 100 centimetre print format. To improve productivity, a gluing machine has been enlarged and a new hot foil stamping machine installed.

CORPORATE RESPONSIBILITY

PROMOTING SUSTAINABLE DEVELOPMENT

Migros sees its corporate responsibility as an integral approach, based on economic, social and ecological corporate values. Just one look at the company's history shows that Migros has never been motivated solely by commercial goals. The retailer has always represented social and ecological values, too, and has acted accordingly. Migros, taking the lead from its socially committed founder, Gottlieb Duttweiler, has been aware of its responsibility to society right from the start – long before terms like Corporate Governance and Corporate Responsibility became established in the business world.

As a Cooperative, Migros has an obligation to the cooperative members, and to society, rather than profit-oriented investors. The value added created by retailers benefits the customers in the form of excellent value for money; the employees in the form of model working conditions; and society, in the form of a broad, cultural, social and ecological commitment.

EMBODIED IN THE NEW GROUP STRATEGY

In 2003 Migros declared its support for the principle of sustainable development, both in its Mission Statement and in its environmental and social policy. In the past year, the company went one step further, establishing balanced consideration of the three dimensions of performance – economic, ecological and social – as a central component of the new group strategy. The concept of sustainable development thus forms the basis of everything the company does.

Every year, Migros provides a full account of its progress on sustainable development in its Sustainability Report. In addition, the “Migros-Magazin” regularly sets out the key efforts that Migros is making in this area to inform its customers and the general public. Migros regularly receives positive feedback on its efforts in the form of awards

and high placings in surveys. In 2008, for example, Migros was awarded the first “Swiss Fairness Prize”, the educational policy commendation prize and the “Prix Egalité”. The well known German ratings agency Oekom Research last conducted a comprehensive survey of the world's biggest retail enterprises in 2007, and concluded that Migros is the world's “most sustainable retailer”.

To provide broad support for its commitment to sustainable development, Migros works in cooperation with reliable partners that it can trust. In 2006, Migros signed up to the Global Compact, a global initiative by the UNO to strengthen good corporate management. In line with the Global Compact, in the social sector Migros supports fair and reasonable working and social standards, locally and internationally. For instance, it requires its business partners and suppliers abroad to comply with the internationally recognised BSCI Code of Conduct (Business Social Compliance Initiative). In Switzerland, the national collective agreement stands for progressive and responsible working conditions. Migros applies ecological principles, both at product level, in the form of standards and labels, and at operational level.

NEW PROCEDURES ARE PAYING OFF

In the past year, Migros has further refined its management and reporting procedures in connection with sustainable development. It has, for instance, defined a dozen Key Performance Indicators (KPI, see figure), with which corporate performance can be continuously and transparently tracked. KPI are the most important key figures from a business enterprise that enable its managers to assess at a glance that the strategy is being applied. As well as economic values, such as turnover and market share, Migros' KPI also take social, ecological and societal factors into account, for example customer satisfaction, CO₂ emissions or the degree of compliance with the BSCI Code of Conduct.

The Issue Management system introduced two years ago has paid off. It supports the efforts that Migros is making in sustainability by systematically analysing trends in society and internally coordinating the corresponding actions taken by Migros. In 2008 the main focus was on climate protection and demographic trends. In parallel with the Issue Management system, the Issue and Stakeholder Forum, which was set up at the same time, works as an advisory body on sustainability issues.

CLIMATE PROTECTION REMAINS IN THE SPOTLIGHT

Migros has drawn up a comprehensive climate protection concept for the period from 2008 to 2010 which will simultaneously impact products and processes. By the end of 2010, Migros aims to have reduced its own carbon dioxide emissions by about 25 per cent compared to 2000. It also wants to offer products and services to its customers that enable them to do something as well to help protect the climate with their purchase. Every year, Migros draws up a detailed plan of measures aimed at optimising products, processes, packaging and logistics – especially in its own industry companies. Encouraged by the good cooperation with the WWF Climate Group, and in other WWF corporate platforms, at the end of 2008 Migros took the decision to enter into a strategic partnership with the environmental organisation. One aspect of this is that Migros will be supporting the WWF in teaching children and young people about the environment.

The commitment to climate protection shows that for Migros, sustainable development is a genuine, long-term undertaking that it pursues at all levels. But it is also clear that it is not just a matter of fulfilling a moral precept and a social requirement; it is about a fundamental strategy to safeguard long-term corporate success. While investing in sustainable development generally, and climate protection in particular, is a cost factor, it will ultimately pay off in a number of ways, for example by reductions in the use of natural resources and energy, by motivated employees, by product innovations and by greater customer loyalty.

MORE PRODUCTS WITH ECOLOGICAL AND SOCIAL VALUE ADDED

For customers, the most obvious signs of a company's endeavours for sustainable development are found in its product assortment. Migros carries products with an ecological and social plus in all of its supermarket divisions. Early in 2008, Migros successfully launched the "TerraSuisse" label for local agricultural products. "TerraSuisse" offers consumers clear value added: businesses that supply such products are only allowed to use limited amounts of chemical additives and must conform to the highest standards in rearing livestock. They also undertake to preserve natural living space and biodiversity. In the past year Migros has also committed itself to the campaign against overfishing of the oceans and seas by joining the WWF Seafood Group. In doing so, it has undertaken over the next few years to change over progressively to sustainably produced fish and seafood. The result of this has been a further expansion of the range of MSC and Bio label products from ecologically tenable fishing.

Migros has already been promoting energy efficient lighting for many years, for instance by providing information, running promotions and offering price concessions. Migros introduced economical new types of lighting systems, such as LED technology and halogen energy saving bulbs, early on. Last year, Migros almost doubled its range of energy saving bulbs, and also added so-called "Energy Saver" lighting to the assortment. Migros is also making progress with electrical equipment; already 90 out of 100 freezers and refrigerators now belong to the best efficiency classes, A+ and A++. In the spring of 2008, Migros also introduced the world's first capsule coffee machine with an energy saver function onto the market. The Delizio Compact Automatic uses up to one hundred times less electricity in standby mode than earlier machines.

Migros has also begun to stock products on its shelves bearing the CO₂ label of the independent organisation Climatop. The new logo enables customers to identify at a glance the most climate-preserving products in a particular category. Migros now has a total of two detergents, two toilet papers, a variety of cream, a reusable carrier bag and a brand of sugar carrying the CO₂ label. Before issuing the label, the Climatop specialists calculate the impact on the climate of a product segment, standardised for the whole of Switzerland and across the whole life cycle.

SUCCESSFUL ENVIRONMENTAL MEASURES

Less visible to customers, but no less effective, is Migros' commitment to workplace environmental protection. Its commitment to energy efficiency goes back more than 30 years. Migros has been working with the Energy Agency for Industry (EnAW) since 2000, and has entered into binding agreements with it. There are now climate protection and energy targets in place for all 601 Migros stores, the 10 operations centres, 14 industry group companies, its own fleet of lorries, the main premises of Hotelplan, Migros Bank and the FMC, the large Globus and Interio department stores, and 15 Fitnessparks; these are to be met by the end of 2010. By that date, carbon dioxide emissions by the enterprises involved should be reduced by 16 per cent. To achieve these standards, Migros is banking on energy efficiency, low-emission heating and fuel oils and on the Minergie standard in new buildings. For example, Migros has so far opened six sales outlets equipped to the Minergie standard, including last year the largest Minergie building of all: the Westside Centre near Berne. Thanks to its comprehensive action on climate protection in 2008 Migros once again exceeded the annual interim targets set by EnAW, and reduced its CO₂ emissions by well over 20 per cent compared to 2000.

Every year, Migros accumulates a total of about 210,000 tonnes of waste. Migros has over 60 per cent of factory waste recycled. Virtually all returns from customers are recycled. To do this, Migros runs the largest recovery system for empty containers and worn out products in the whole retail sector. Migros is also using increasing amounts of recycled material. In 2008, for instance, the beverages producer Aproz used approximately three times more recycled PET than it had the year before. Migros is also continuously optimising packaging: in total last year, Migros prevented about 9,500 tonnes of carbon dioxide by reducing weights and using recycled material.

IN DIALOGUE WITH STAKEHOLDER GROUPS

As the largest retailer and private employer in Switzerland, Migros does not operate in a vacuum but in liaison with numerous stakeholder groups. Stakeholder groups are representative interest groups that are influenced by an enterprise or themselves exert some influence over it. Apart from customers and members of staff, these include sub-suppli-

ers, the media, trade unions and public authorities. Non-governmental organisations (NGO), such as environmental, animal welfare or development organisations, are also important dialogue partners for Migros. Stakeholders are treated with respect and openness: Migros is interested in other people's views, and tries as far as possible to accommodate legitimate interests. At the same time, Switzerland's largest retailer and food producer aims to generate understanding for its own conduct and its own concerns.

Last year, Migros yet again initiated stakeholder groups to resolve political issues, such as the Swiss retail stakeholder group (IG DHS). In the spring of 2008 Migros, together with other business enterprises from the food industry, set up an agro-food stakeholder group to represent Switzerland as a location for farming (Interessengemeinschaft Agrarstandort Schweiz), to provide joint support for the planned agricultural accord between Switzerland and the EU. As well as representatives from the commercial and processing sectors, progressive producers and all consumer organisations were also involved.

Migros does not only involve itself in political issues that affect it in particular. It has a general commitment to the interests of its Cooperative members, and of consumers. That is the only justification for the great trust placed in the Cooperatives by the public in these times of global financial crisis. Prices are the central theme: Migros is a champion of fair prices in all sectors. For example, it is in the front line of the campaign against exorbitant import prices, and is just as vehement in its opposition to excessive increases in electricity prices. When Parliament resolved to permit parallel imports of patented goods at the end of 2008, after a long, hard dispute with the pharmaceutical industry and Economie-suisse, this was another victory for Migros, which had taken the lead on this issue within the Swiss retail stakeholder group.

Detailed information on ecological and social issues can be found in the Migros Group's 2008 Sustainable Development Report.

ECONOMIC POLICY

COMMITMENT TO CONSUMERS AND THE ECONOMY

Despite intense opposition, the Swiss federal chambers have voted to allow parallel imports of patented products from Europe. This was a breakthrough victory in the many years' campaign for cheaper import prices. The Federal Council actually wanted to ban parallel imports by law, but in December 2008 Parliament finally agreed to allow parallel imports of patented goods from Europe on a limited basis – but excluding medicines. Migros was for years at the forefront of the campaign to remove import barriers. The ultimate success in overcoming the opposition from the pharmaceutical and chemical industry and Economiesuisse was only achieved because of a smoothly functioning alliance between the Swiss retail stakeholder group (IG DHS), consumer organisations, Helsana and other interest groups. For the retail sector, this was the greatest political victory since the successful 2005 referendum campaign for a more liberal stance on Sunday trading in the larger railway stations and airports.

As a result, the second key reform stage to remove non-tariff trade barriers could well be easier to achieve. The introduction of the Cassis-de-Dijon principle, initiated by Federal Councillor Doris Leuthard is currently under discussion in Parliament. It should therefore be possible in principle to import products into Switzerland which are lawfully sold in the EU, without extra controls. The question that arises from this revision of the law is how, in view of the complex enforcement structures in place in the food industry, a non-bureaucratic solution can be achieved that has the assurance of legal security.

Just how important it is to strengthen purchasing power is evident in view of the crisis on the global financial markets, which governments are trying to contain by injecting billions to bolster the markets and by economic policy measures. The reason is that in 2008, despite reports of economic catastrophe, consumption proved to be an amazingly resilient supporter of the economy.

If state-controlled industries raise prices substantially with no regard for the economic situation, this is unacceptable. One deplorable example of this was the electricity market; in the run-up to the first stage of deregulation, companies sought to raise their charges by over 20 per cent, although the

new legal provisions had only accounted for 8 per cent. The industry therefore carelessly risked losing consumer confidence in the opening up of the market. Migros vehemently opposed the tariff increases; the large-scale electricity consumers group (GGS), under the chairmanship of FMC Executive Board member Andreas Münch, together with associations such as Swissmem, consumer organisations and price watchdogs therefore set up a political resistance movement. As a result, the Federal Council amended the ordinance, thereby reducing part of the tariff increases. The fight will continue in 2009.

On another front, the conflict over fair prices has flared up again, this time with books. Price controls on books were only lifted in May 2007 – and now attempts are being made to bring them back. Supporters of price controls are bringing noble motives into play, such as supplying the public with reading material, or guaranteeing the survival of small specialist bookshops. But the fact is that foreign publishers dominate around half of the Swiss market, and with the reintroduction of higher prices could cream off the market. In view of the Internet boom, price controls on books seem almost an anachronism. Migros, through Ex Libris, acts as a price cutter on the book market, and will certainly have something to say on the issue at the discussion stage.

Swiss agricultural policy is on the brink of a fundamental reorganisation. In March, the Federal Council approved the negotiating mandate for an agricultural treaty between Switzerland and the EU, which may be regarded as a brave move. The first concrete negotiations began just six months later. The establishment of the Swiss agrofood stakeholder group (IGAS) was an early breakthrough in bringing farming interests, the processing industry, retailers and consumer organisations together on one platform in support of the negotiations. The organised Swiss farming industry, which because of statutory levies and federal grants includes a lot of well funded organisations, is opposed to an agreement that will give farmers access to a market of some 500 million consumers. This attitude is not without its dangers, but the 2008 WTO negotiations were on the brink of a successful conclusion. If the breakthrough comes on this front, Switzerland will have to considerably reduce its customs tariffs – with drastic consequences for the farming industry.

Mid-2008 saw the closure of another agro-dossier: the second block of the 2011 agro-policy is in the bag. Compared to the first block, the issues were rather less explosive. Migros regards the introduction of an auction system on the partial tariff quotas

for butter and milk powder as an encroachment. The lifting of the tariff surcharge on mixed feed, however, is good, as are the amendments to the ordinance on animal feed. Making the rates of duty on cereals for bread more flexible is another welcome move.

The milk market in 2008 was beset by real distortions. The first half of the year was still suffering the after effects of 2007, a year characterised by shortages on the commodity markets and an extreme hike in the prices of many foods. Milk was short in the first few months. For once the farmers managed to exploit this crisis. By the insensitive means of a milk strike, they forced a six cent hike in the price of milk out of the processors. The wholesale distributors had no choice but to pass the price mark-ups on to consumers. Soon, however, the market situation changed. The farmers, intent on selling as much milk as possible because of the high prices, put themselves at a disadvantage; butter mountains and milk lakes started to form, and the arguments for high milk prices collapsed. At the same time, the biggest milk processors, together with producer organisations, set up the Swiss milk association (Verein Schweizer Milch (VSM)), in order to be ready for the period after the lifting of the quota in 2009.

A genuine dispute flared up over the issue of castrating piglets. Schweizer Tierschutz, the Swiss ani-

mal protection association, vets and other interest groups are trying to get hormonal vaccination accepted in Switzerland. Pfizer, the company which manufactures the vaccination, had chosen Switzerland as the test market for Europe. The Migros meat processing firm, Micarna, however, opted for pain-free castration using inhalation anaesthesia. It complies with the law and can be done quickly. It also means that the concerns of those consumers who have certain reservations about “vaccinated” meat are taken into account.

In 2008 Migros’ Economic Policy Operating Division initiated the “Preis für innovative Berglandwirtschaft” (innovative mountain farming prize), which this autumn was awarded for the first time by the Swiss mountain products stakeholder group. It was won by the pasture cooperative Alpengenossenschaft Spycherberg in Justistal, above Sigriswil (BE). It was awarded the CHF 25,000 prize money for the renovation of its mountain huts. Receiving the prize means that the centuries-old tradition of cheese making and the Kästeilet end-of-summer cheese festival can continue on the mountain. Every year in future, the prize for innovative mountain farming will be awarded to a project from the Swiss mountains.

HUMAN RESOURCES

LIVING PERSONNEL POLICY

Working conditions at Migros are constantly developing and changing. This is indicative of a living, responsible personnel policy; against a background of economic, social and political change it needs to evolve in a continuous and future-oriented way.

LANDMARK WORKING CONDITIONS

The principle at Migros is to provide modern, progressive and responsible working conditions. Following the extension of maternity leave from 16 to 18 weeks on full pay, and guaranteed full pay for employees with children for the whole of their military, civil defence or community service, from 1 July 2005, the new Migros national collective agreement (Migros-L-GAV) came into effect on 1 January 2007, covering the period from 2007 to 2010. Under the Migros-L-GAV, the corporate family policy has been broadened and optimised by extending pregnancy leave and parental leave, introducing paternal leave of up to four weeks, full equalisation of new family structures and lifestyles, and the commitment to an equal sharing of family duties. As well as these measures promoting greater compatibility between career and family, sickness insurance cover has been extended to two years on full pay, with case and absence management being permanently improved so that employees who fall ill can be effectively reintegrated. The branch solutions have created the basis for good, progressive working conditions, job security and competitiveness to work together.

Following the example of the Migros-L-GAV, the renewed collective agreement for Magazine zum Globus, Interio and Office World came into effect on 1 January 2008. Migros has accordingly renewed and confirmed its solid commitment to a comprehensive policy on collective agreements, and to an effective social and contractual partnership. Migros therefore maintains two of only three consolidated collective agreements in the Swiss retail sector.

A bundle of family policy measures in the revised conditions of employment for management (KAB) has optimised the potential for development and promotion of women in managerial positions. At the same time, under the heading of compliance, a modern option for the special responsibility of managerial staff for legally and ethically correct business practice has been incorporated into the KAB, and, pre-empting Swiss legislation, a concept to protect whistleblowers has been introduced which shows the way to go in the future. In addition, key directions have been set for an age-appropriate personnel management system which builds on the experience, potential and skills of older members of staff in the workplace.

At the Migros Club Schools, the only adult education institution to have an expanded collective agreement in place with the Migros-L-GAV, conditions of employment have been further developed to accommodate the specific needs and conditions of teaching staff in the adult education sector. Corresponding to this, a special pension plan has been introduced for the teaching staff, who make up over 10 per cent of all employees in Migros; offering an old-age pension of around 74 per cent of insured income, it not only continues to guarantee high benefits, but also shows what an expanded defined contribution pension scheme could offer in terms of benefits. The working conditions have also been improved for employees at the Migros leisure facilities, with particular attention being paid to modern working time models with employment guarantees, incentive and reward schemes, as well as professional development training for employees by the companies.

WORKING CONDITIONS AT MIGROS AS SEEN BY THE PUBLIC

Migros is regarded by the population and by its employees, as a particularly good, family-friendly employer. Dynamic ongoing development of working conditions still calls for a positional definition that looks closely at the efficacy, perception, assessment

and commitment to the working conditions among employees and within the population, and therefore submits them for public scrutiny. The reason is that fair and reasonable working conditions are something that employees and the general population quite rightly expect from a responsible company.

A survey of working conditions in the Swiss retail sector carried out by an independent market and opinion research institution among a representative sample of the resident population and Migros employees has shown that Migros is regarded by the population as a better than average and particularly family-friendly employer. In the survey, persons with a relatively low household income, and also people from Western Switzerland were all more critical in their assessment of working conditions in Swiss retailing. But for these people too, their judgement of Migros was still much more positive than for its competitors. That the population are very well informed in their judgement of working conditions, and that this judgement might entail far-reaching consequences, is reflected in the fact that around 74 per cent of the population would “certainly”, or “very probably” no longer shop from a supplier who in their view offers poor or unreasonable working conditions. Good, progressive working conditions, such as those in place at Migros, are a decisive value-added factor for the population.

Employees and the general population have practically the same view of Migros. Even to its employees, Migros is regarded as a particularly good, family-friendly employer, although this positive assessment was rather more muted among managerial staff. Nevertheless, the practice at Migros, where there is virtually no distinction between conditions of employment for management and the working conditions of the Migros-L-GAV, and where the wage policy covering employees at all levels has the same legitimacy, has essentially been corroborated. The Migros-L-GAV is highly regarded among employees: 90 per cent regard it as “exemplary” or “quite good”. Female members of staff at Migros actually take an even better view of working conditions than male staff, an assessment which could well be influenced by the fact that it is mainly women who benefit from the broad range of family policy benefits and schemes to make career and family compatible. This is hardly surprising with some 54,000 women employees, of whom 30,000 have children, and with women making up 68 per cent of the total Migros Community. Migros is a lady.

RESPONSIBLE, SUSTAINABLE PAY POLICY

The Migros pay package shows the way in terms of personnel, vocational training and social policy. Migros, together with its social and contract partners, follows a pay policy that is structured for the medium and long term, that is sustainable in terms of corporate and personnel policy, that is diverse and responsible. The pay package agreed with the social and contracting partners in October 2008 has once again shown the way forward for these elements on several levels.

By fixing average gross minimum wages for employees with vocational training at CHF 4,100 for those with four years, CHF 3,900 for those with three years, and CHF 3,800 for those with two years’ basic training, Migros, which with 3,178 trainees is the largest private training organisation in Switzerland, has underlined its commitment to vocational training. Vocational training should in any case be worthwhile and rewarding; that is especially true of the two-year apprenticeship certificate course for young people with practical talents, for whom Migros reserves 20 per cent of its training places. Pay policy and vocational training policy go hand in hand, which shows that in terms of pay policy we have to consider the long-term perspective rather than just the short-term effect.

By raising the gross minimum wage to CHF 3,700 for untrained employees – those aged twenty, working full-time with no vocational training – from 1 January 2009, Migros, whose 90 or so business enterprises and 84,000 employees are active in 29 different industries, has assumed a pacesetter role that is well ahead of the retail sector. The reason is that such a minimum wage for persons with no vocational training at all is important, not just for labour market policy, but also for social and societal policy. Employees in the lower wage segments in particular will benefit disproportionately from the rise in the gross minimum wage. Because the gross minimum wage is paid on a 13-month basis, annually that gives a monthly gross minimum wage of CHF 4,000. Nevertheless, there are also limits imposed on the minimum wage, because it is not individual employment income, but disposable household income and the regionally diverse level of pay and prices that is decisive for the social and economic situation. For that reason, it may be that the agreed gross minimum wage is, exceptionally, lower in individual enterprises rather than higher.

With an average 3 per cent increase in the total payroll for 2009, Migros is pursuing its policy of

continuous and consistent adjustment of effective take-home pay. Since 2001, this has therefore risen by a nominal 20.5 per cent, and in real terms by 10.6 per cent, so that employees have continued to achieve growth in their real-term pay. That is important for employees, but certainly not relevant in itself. As the “HR Barometer” for 2008 has impressively confirmed, the primary crucial factor for employees’ wage satisfaction is that adjustments to their pay are seen to be guaranteed to be fairly based on function, performance and distribution. By its policy decision to adjust pay on an individual basis, following the principle of remuneration according to function and performance, Migros and its social and contract partners are taking this need of the employees specifically into account.

CO-DETERMINATION AT CORPORATE LEVEL

At Migros, employee members of the board of directors have a voice at the very highest level. For about thirty years, Migros has been bound by a multi-layer, pluralistic social partnership that ranges from co-operation with the employee federations of the L-GAV, joint decision making and participation of the National Conference of the Migros Group and the operational social partners, to co-determination by employee representatives on the boards of directors of the Migros business enterprises. This model guarantees broad participation by employees, or their representatives – on all sides and at all levels within Migros. Employees also have an important say on the FMC Board of Directors in setting the course for the corporate and personnel policy of the Migros Group, because it also has two employee representatives as equal members with all rights and duties.

All employees of the Migros Cooperatives were invited to take part in the election, to stand for election to this office, and to submit themselves for nomination by the National Conference of the Migros Group and ultimate confirmation of the nomination by the Assembly of Delegates. It was therefore not just the office itself, but also the election of employee representatives to the board of directors that to a large extent was placed in the hands of Migros employees, who exercised this right with commitment. The final election by the Assembly of Delegates of employee members of the board of directors designated by the National Conference is impressive proof that this experience of economic democracy at Migros is a strong and indispensable connecting link between the company and its employees.

Neither the employee members of the board of directors, or the National Conference of the Migros Group, whose members are the direct democratic representatives of the 84,000 or so employees, need have nothing to fear from any comparison with other employee organisations with regard to their influence and representativity. They are living proof of the strength and necessity of the internal social partnership, which is bound solely by the interests of the employees, not by political aims.

VOCATIONAL TRAINING

Migros has continued to consolidate its leading position in basic vocational training. Since August 2008 the Migros Group has 3,178 apprentices being trained in over 40 different trades. The number of training places has therefore risen by 261, or 9 per cent.

As the largest training provider, Migros has taken on a huge responsibility. It follows the principle that social and methodical competence must also be continuously and sustainably promoted, as well as technical skills. In addition to operational training programmes, further training modules have been developed for vocational and practical trainers.

Focussing on one professional and high quality vocational training like this is bearing fruit; in 2008 the vocational training offered by the Migros Group once again scored a 97 per cent success rate. Also in June 2008, the first retail specialists passed their final training exams under the new training ordinance.

The award money from the Jubilee Prize of the Hans Huber Foundation, which the Migros vocational training programme received in September 2007, was invested in the CHANCE project. This made it possible to finance a teaching tool for sensitising teaching staff and students to equal opportunities in working and family life, which will be issued in all four national languages.

Also in 2008 Migros Group enterprises were honoured for their special commitment to vocational training. Migros Aare received the “Social Prize” of the Aargau regional churches for its project, giving practically gifted young people with a flair for retailing access to the working world. Migros Geneva received the “Meilleure Entreprise Formatrice 2008” prize for the best training organisation in the retail category.

With 40 training centres throughout Switzerland, the Migros Group sustainably creates internal and external synergies, makes use of their diversity

to exchange experiences, and applies Best Practices. In the future, Migros will continue to professionally develop its high standard of vocational training, and will underline its commitment to the dual educational system in Switzerland in a variety of projects, committees, commissions and in everyday working life.

STAFF DEVELOPMENT

Development of managerial staff is in step with strategic targets. The new Migros Group strategy has led to a further sharpening of development schemes for the managers of today and tomorrow. A competence model provides the basis for a comprehensive assessment of skills that are strategically important, and which might be selectively and individually strengthened in future. There is an increasingly sharper focus on the transfer of learning success from seminars into everyday working life.

A number of educational products have been created in the e-learning area which will enable many employees to familiarise themselves with the content of training programmes and new topics quickly, efficiently and irrespective of time and place.

MANAGEMENT TRAINING PROGRAMMES AND RETAIL-FOCUSSED EXECUTIVE TRAINING

The targeted continuing development of managerial staff at senior management level is a key building block in the implementation of the Migros Group strategy, and is intensively promoted. Within the framework of the eMpower executive training programme, “high potential” managers are prepared for the challenges of the future by discussing current core issues at Migros with key decision makers and undertaking field visits. In addition, individually tailored development programmes are defined and implemented. To give its managers a future-oriented insight into international developments, Migros, together with seven leading retailers from Switzerland and Germany and the Institute of Marketing and Retailing at the University of St. Gallen, has created a retail-focussed executive training programme. This “Retail-Lab Certificate Programme” was successfully run for the second time in 2008 and will continue in 2009.

HEALTH MANAGEMENT

Migros gives some impetus to workplace health management. Workplace health management is part of the strategic objective, and is embodied in both the personnel policy and the L-GAV. At the initiative of Migros, in cooperation with a number of major Swiss companies and other institutions, a set of guidelines has been formulated for workplace health management in Switzerland. These guidelines take working conditions into account, as well as individual health behaviour. The criteria give business enterprises the opportunity to review their previous activities in the health management area, and to evaluate the need for further action or optimisation. Additional tools have been added to the quality criteria – including self-assessment. This self-testing enables an enterprise in a pragmatic way to identify strengths and areas for potential improvements in terms of quality and quantity, and to use these as a basis for introducing appropriate measures. If it is in its interest to do so, an enterprise can have its workplace health management scheme certified with the “Friendly Work Space” quality seal. Migros has done some pioneering work with this project in a topical and sensitive area of HR management, which will bring it both internal company benefits and recognition throughout Switzerland.

FAMILY POLICY

The working conditions offered by Migros are groundbreaking. That is especially true of its family policy. The measures embodied in the collective agreement relating to a family-oriented personnel policy are highly attractive for employees. One example of this is that a large number of fathers have exercised their right to take two weeks’ paid and two weeks’ unpaid leave during their child’s first year. At the same time, taking the relevant business processes into account, Migros allows a high degree of flexibility in arranging part-time working models. On the one hand, this benefits Migros’ customers, for example because the deployment of staff can be planned according to different customer needs and numbers. On the other hand, a great many employees appreciate the possibility of coordinating their working hours with their family duties. Different enterprises within the Migros Group additionally offer a range of solutions covering the organisation

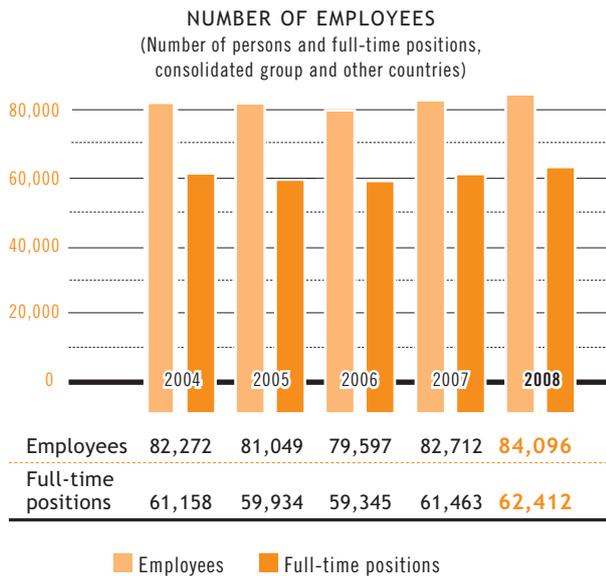
and utilisation of childcare facilities outside the family to help in coordinating career and family life.

WAGES AND SALARIES POLICY

Migros sets a standard, increasing its total payroll by 3 per cent in a difficult economic environment and substantially raising gross minimum wages. On 31 October 2008, Migros reached an agreement with its social partners to raise wages by an average of 3 per cent within a band of between 2.8 and 3.3 per cent of the gross payroll total. The total wage bill has increased by more than CHF 130 million to

over CHF 4.8 billion. The long-established trend of steady growth in real wages has continued. Individual wage increases are based on the principle of remuneration according to function and performance under the M-FEE system of promoting, developing and rewarding staff. The gross minimum wage for twenty-year-old full-time employees with no vocational training has been raised to CHF 3,700 (x 13). Average gross minimum wages for employees with vocational training have been set at CHF 4,100 for those with four years', CHF 3,900 for those with three years' and CHF 3,800 for those with two years' basic training (all x 13).

IN %, AS AT 1 JANUARY	2004	2005	2006	2007	2008	2009
Negotiated wage increase	1.25–1.75	1.5–2.0	1.5–2.0	2.0–2.5	1.5–2.5	2.8–3.3
Benchmark price increase in % (national consumer price index, annual price increase as at September of the previous year)	0.5	0.9	1.4	0.8	0.7	2.9

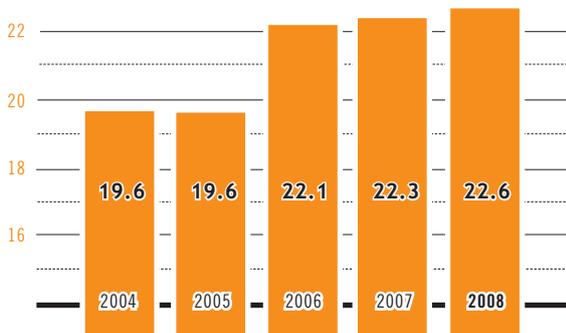
WORKFORCE

The number of employees in the consolidated Migros Group companies, at 84,096 persons or 62,412 full-time positions, rose slightly in 2008.

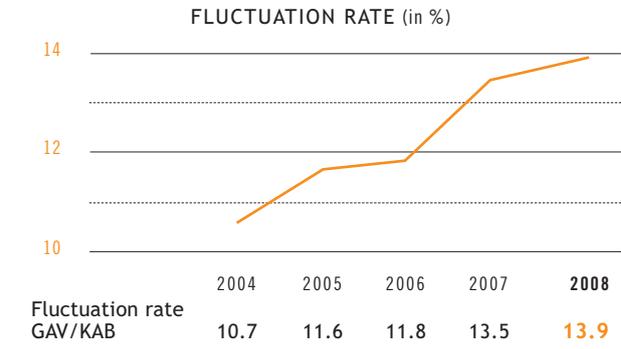
The percentage of managerial staff in the total workforce fell slightly from the year before, to 5.3 per cent. About 2.7 per cent of the workforce are employed abroad.

The percentage of women in the Migros Group is consistently high at over 60 per cent. With its large number of about 38,000 (+2.3 per cent) part-time posts, Migros makes a major contribution to achieving compatibility between career and family.

The percentage of women in managerial positions again rose slightly in 2008 to 22.6 per cent.

PROPORTION OF WOMEN IN MANAGERIAL POSITIONS**STAFF LOYALTY AND FLUCTUATION**

Although loyalty to the company has increased among long-serving employees, the fluctuation rate has risen slightly because of labour market trends, to 13.9 per cent (2007: 13.5 per cent). The average length of service in the company is about 9.6 years.

**WHERE EMPLOYEES COME FROM**

The proportion of foreign workers within the consolidated Migros Group remained more or less constant in 2008 at 27.4 per cent.

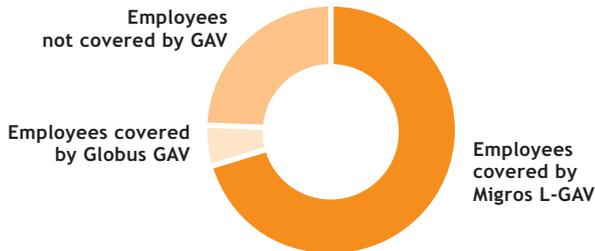
Foreign employees come from 146 countries, with approximately 57 per cent of foreign workers originating in EU countries. The Migros enterprises are fully aware of the considerable diversity in their workforce, and are committed to preventing employees being disadvantaged and discriminated against on the basis of personal characteristics.

PERCENTAGE OF FOREIGN EMPLOYEES IN THE MIGROS GROUP (Switzerland)

(in %)	2004	2005	2006	2007	2008
Percentage of foreigners	26.2	28.2	28.5	27.6	27.4%

PROPORTION OF WORKERS COVERED BY GAV/KAB

Percentage of employees who are covered by the Migros and Globus collective agreement (GAV) or conditions of employment for management (KAB) (Switzerland)



The working conditions in over 40 Migros Group enterprises are based on the still exemplary Migros national collective agreement (L-GAV) or the Globus GAV. These enterprises employ a total of 78,507 people, of whom three-quarters are covered by the collective agreement or the conditions of employment for management staff. Those employees who are not covered by a GAV also benefit from attractive terms of employment.

MIGROS PENSION FUND

FALL IN THE LIQUIDITY RATIO

The stable structures of the Migros Pension Fund help it to withstand the turmoil on the financial markets. The crisis on the financial markets was the predominant theme in 2008. The sharp falls in prices on the equity markets led to a sharp fall

in the liquidity ratio. As a result, the Migros Pension Fund (MPK) shows a slight cover shortfall, which means that the value of the assets is lower than the debts and the contingency funds. Because in the super-mandatory area it is only possible to adjust pensions in line with price trends if there are free funds available, at its meeting in November the fund's council restricted itself to amending statutory minimum pensions in accordance with the order of the Swiss Federal Council. In the MPK this only affects disability pensions in accordance with the Swiss law on occupational pensions (BVG). In addition to that, the Migros old-age reserve pension, like the ordinary old-age pension, was also increased by 3.2 per cent as at 1 January 2009.

One of the key activities of the MPK office was to draw up a specification brief for evaluating a new insurance application that is capable of meeting modern requirements.

The supervisory authority in Zurich has approved the new partial settlement rule adopted by the fund council. This directive defines the preconditions for carrying out a partial settlement. It also takes the interests of the MPK's continued existence, as well as the interests of the insured persons affected into account in the event of staff cuts or a restructuring, or if a follow-up agreement is cancelled. In 2008 a number of retirement preparation seminars were held on topics relating to occupational pensions and on the income situation after retirement. A great deal changes at retirement, and persons entering a new phase of their life must among other things make decisions that will have a major impact on their pension. One key point was the subject of pension payment and/or capital benefit. Early planning, with the support of the MPK's pension fund specialists, helps people to face up to this new phase of their lives without worry.

MIGROS CULTURE PERCENTAGE

For 51 years the institutions, projects and activities of the Migros Culture Percentage have been making their mark on Switzerland. The Migros Culture Percentage is a voluntary commitment by Migros in the fields of culture, society, education, leisure and the economy. With its institutions, projects and activities, it enables a broad section of the public to access cultural and social facilities and services.

The idea of the Migros Culture Percentage goes back to the founder of Migros, Gottlieb Duttweiler. As he would have wished, the Federation of Migros Cooperatives and the Migros Cooperatives are committed to making an annual contribution to the Migros Culture Percentage. This is calculated on the basis of turnover, and is paid even when retail business activity is on a downward trend.

This is quite possibly a unique commitment, which guarantees the continuity of the Migros Culture Percentage and has been firmly incorporated into Migros' statutes. For Migros, it is a corporate goal that has the same status as commercial success.

CULTURE

SOCIAL RELEVANCE AND INNOVATION

The many internal projects and promotional activities sponsored by the Migros Culture Percentages in the field of culture are oriented to higher goals, such as social relevance, innovation and participation. In 2008 the Migros Culture Percentage once again distinguished itself as a major private sponsor of culture in Switzerland.

Even in the early days, Migros founder Gottlieb Duttweiler was collecting art for Migros. For 30 years, the Federation of Migros Cooperatives has invested exclusively in contemporary art. To mark this jubilee, and the intensive three-year refurbishment of the collection, the **migros museum für gegenwartskunst** (Migros museum of contemporary

art) staged a comprehensive general exhibition and published a catalogue of its collection. The importance of the museum and its collection is reflected in its great reputation with the national and international media, both for the general exhibition and for individual exhibitions of current international contemporary art.

The 11th international dance festival **Steps** was staged under the heading of "Rencontres". International and national dance companies toured Switzerland. The aim of Steps is to bring contemporary dance closer to the people; Steps is therefore staged in large towns and cities, but also at smaller venues. In April, 79 dance performances were given on 36 stages all over Switzerland. Steps recorded a 5 per cent increase in audience numbers; interest in this festival has remained constantly high. The Steps festival also includes a symposium that is dedicated to discussions on topical politico-cultural issues. On 15 April 2008 at the Maag Areal in Zurich speakers representing politico-cultural institutions, dance professionals and event organisers discussed new ways of telling people about dance.

The programme for the inaugural **Clubhouse Concerts** was announced in the issue of the magazine "Brückenbauer" for 24 September 1948, under the title "Grosse Künstler spielen ewige Musik" ["great artists playing eternal music"]. In the 2008/09 season, the series of classical concerts celebrates its 60th anniversary. The leitmotif from 1948 still applies today: great orchestras playing under the baton of famous conductors with renowned soloists.

Yet another jubilee: for ten years now, the **Cultural Office in Zurich** has been the first place to go for cultural sponsorship without all the red tape. Young creative artists can hire equipment and infrastructure at favourable rates. The success of the project is evident, because now Berne, Geneva and Basel also have a Cultural Office. The jubilee was celebrated in October with a varied programme for the public.

As a centre of excellence for cultural matters, the Migros Culture Percentage is also committed to standards in the cultural field. The cultural evalua-

tion guide “Evaluieren in der Kultur” has been initiated and launched jointly with the Swiss cultural foundation Pro Helvetia. As an aid for event organisers, sponsors and cultural agencies, it is a contribution to quality assurance for cultural institutions and projects.

SOCIETY

HELP FOR SELF-HELP

The aim of the “Society” section of the Migros Culture Percentage is actively to promote the social debate about the key aspects of social change and corresponding activities. The main points of focus are health, voluntary commitment and social integration. Internal projects and sponsored promotional activities are elements of broad, Swiss-wide networking. Through its projects, the Migros Culture Percentage promotes the conflicting priorities of personal initiatives, voluntary work and people who want to use their skills for the benefit of others. Projects in the social field enable people to play their own part in social development. The focus here is on aid for self-help and projects that are directly beneficial.

Once again in 2008 new projects were added to existing activities. **Kebab+**, for example broadens the commitment to health promotion. Kebab+ aims to stimulate an examination of modern eating culture among young people, but without any finger pointing. It is targeted at young working people, who join other youngsters in planning and realising projects on the topics of cooking, eating, exercise, relaxation, meeting (“Kochen, Essen, Bewegung, Ausspannen, Begegnung”) that they can get involved in and are fun. Kebab+ acts as a supplement to the **club minu**, which for years has been helping overweight youngsters aged between 11 and 16 to lose weight healthily.

Innovage is aimed at well qualified pensioners, who can pass their skills on in community initiatives. Now in its third year, the Innovage project is going through an expansion phase. A new network was set up in 2008 in Basel; Berne is set to follow this year. Retired Migros managers, for example, are currently actively supporting the campaign to save the village store in Wuppenau.

Social integration is promoted by a pioneering Internet project for migrants: **conTAKT-net.ch** organises information on the Internet, mak-

ing it easier for migrants to find their way around in Switzerland. The project was developed jointly with migrants and Swiss people, specialists in integration and public authority representatives. There is considerable interest in conTAKT-net.ch among local communities: here too, the Migros Culture Percentage helps to build bridges between local communities and the migrant population quickly and without all the red tape.

EDUCATION

MIGROS CLUB SCHOOLS

“Wer rastet, der rostet” – a rolling stone gathers no moss. In 2008 the Migros Club Schools used this saying to advertise their range of courses. The Migros Club Schools also try to live up to this maxim themselves; every year new and innovative products are created that are right on the ball.

In 2008 over half a million applications were generated. This means that every week in 2008 well over 140,000 people chose one or more of the 600 different courses and teaching programmes at one of the 52 Club School Centres in Switzerland, for career development, for further training in languages, creative or sporting skills.

The number of online applications for the courses and teaching programmes offered by the Migros Club Schools and Club School Business rose considerably again in 2008. The previous year's record result was therefore surpassed once more, reaching the new level of over 125,000 applications. Despite the increasing number of applications, administration has been made easier by a semi-automated transfer to SAPcampus.

The Club Schools' newly planned website, which will go live in mid-2009, should provide additional support for this development. With a modern look, an improved user interface and simplified administration, the website will help the Migros Club Schools to continue to live up to their claim to be number one in the Swiss educational market.

In September 2008, as part of the festival of learning, the Migros Culture Percentage received the educational policy prize commendation from the Swiss Federation for Adult Learning (SFAL). The award paid tribute to the valuable commitment of the Migros Culture Percentages to the promotion of learning.

Since January 2008, SAP Campus, the Migros Club Schools' sales and information system, has also been used by the Club Schools in French-speaking Switzerland. The system improves efficiency, for example by enabling the Club School Business teaching programmes and courses to be set up centrally.

The refurbishment and renovation of the Club School in Basel was completed in 2008. The Club School in Sion has also been renovated. A new Club School has been opened in Zug on a new site. In 2009 the Migros Ticino Cooperative is planning renovation work at the Club School in Mendrisio.

CLUB SCHOOL BUSINESS

2008 was the year of IT ("informatica08"). Club School Business also contributed to it, launching the Internet portal iknow. This portal provides online entry tests for IT teaching programmes and courses, which can be used to evaluate the IT training requirement and the appropriate development training. This service enables Club School Business to create some transparency in the confusing range of educational products on offer for IT training and further development courses.

A new product launched in 2008 was the Dialogue Marketing Planning course in the marketing and sales field. This course was developed in an exclusive collaboration with the Swiss direct marketing association (Schweizer Direktmarketing Verband, SDV) and Swiss Post. As well as their dialogue marketing planning diploma from Club School Business, successful candidates also receive a certificate from the SDV. Those who successfully complete the course have the capability to help create direct marketing concepts, and can independently plan and put them into effect.

In October 2008 a Business Forum was held, for the second time now, as part of the activities of the Club School Business, covering the topic of "Intercultural Communication". This year the subject of the Forum was "Understanding Russia". Professor Karl A. Eckstein, Honorary Consul of the Russian Federation and an expert on Russia, examined some of the critical factors for success in business relations with Russia and promoted understanding of Russian business and everyday culture.

LANGUAGES & LEISURE

In 2008 the focus for the Languages & Leisure business unit was very much on innovation. An innovative programme has been started under the slogan "Lernen im Vorbeifahren ÷ mit dem rollenden Klassenzimmer" ("learning in passing"): in cooperation with Zurich Public Transport (VBZ) a vintage tram was used as the venue for introductory lessons in Chinese, Japanese, Arabic and Russian. The experiment was a complete success: within a very short time a total of 14 trips, each with 16 seats, were booked up. There was a huge media response, both in German-speaking and French-speaking Switzerland – and even in Germany.

This was followed by the first major event of the year: preparing Club School students for Euro 08, which was held in Switzerland. The Club Schools' programme had something for everyone: from a course for women on the rules of football, a cookery course for fans in making half-time snacks, to sports photography, showing the best ways of capturing emotions on and off the football field. In addition to the range of products on offer, there was a football podium featuring former Swiss national goalkeeper Jörg Stiel, at which he asked members of the national team questions about tactics, motivation, scandals and player management.

In July the new products, "M-Art Schreiben" (writing) and "M-Art Portfolio" were launched, expanding the already wide range of M-Art products. M-Art Schreiben is a development training course for creative people who are keen to experiment, and want to express their thoughts in words. M-Art Portfolio offers people who work in the artistic field professional instruction in documenting their creations in a specific way and staging them appropriately.

One of the high points of 2008 was the new podcast language service. Language learners, and people interested in languages can download episodic broadcasts, mainly in English, Italian and Spanish, free of charge, via the website www.podclub.ch and listen to them on their MP3 player when they are travelling, or at home on their PC. In the first four months after launch, 10,000 people have already registered. There are plans to extend the product and offer it in German and French as well.

EUROCENTRES

Helping people to understand each other better. – The mission of the Eurocentres Foundation is to help foster understanding between peoples across national, cultural and social borders. To fulfil this mission, foreign students are taught the language of the respective country at 30 schools around the world.

Teaching volume in 2008 was 5 per cent up on the previous year. This growth has also had a positive impact on turnover. A total of about 11,000 participants enrolled on a residential language course at one of the 30 locations of the global network of Eurocentres schools, where English, French, Spanish, German, Italian, Japanese and Russian are taught.

Substantial growth was achieved especially in Brazil, Saudi Arabia and Columbia, which are key sales markets for Eurocentres. The markets in Korea and Turkey have also recorded satisfactory growth. Although a number of measures have been taken, based on market studies, the rise in registrations in Switzerland was below expectations. The average length of residential stay again rose slightly compared to the previous year. Individual schools also achieved a better occupancy rate, as well as a more even distribution of residential stays. Targeted measures have succeeded in substantially improving quality standards at individual Eurocentres schools and establishing new (franchise) schools.

Operationally, the trading result achieved was good. Nevertheless, the overall result was impacted by the huge volatility on the currency markets. Appropriate measures were already being taken during the year to further substantially reduce foreign currency exposure in the future.

Once again in 2008, members of Eurocentres staff participated on various international bodies aimed at continuing academic development and the standardisation of foreign language learning. Eurocentres has, for instance, made two key contributions to the European Council in the language learning field: first of all with the coordination of a manual for grading language examinations in accordance with the Common European Framework of Reference (CEFR); and secondly by the academic planning and leading of an international seminar in Paris, which produced a DVD in five languages (English, German, French, Spanish, Italian) that provides a model demonstration of the CEFR standard. In Switzerland, Eurocentres developed an innovative, modular continuing education pro-

gramme for the Swiss Federal Institute for Vocational Education and Training (SFIVET). The programme introduced qualified teachers for secondary level 2 and vocational education schools from all over Switzerland, by means of lectures, workshops and project work, to the Common European Framework of Reference.

LEISURE

GREEN MEADOW PARKS

Relaxation and the nature experience for young and old. – The Green Meadow Parks and the Monte Generoso Railway, worlds of adventure that are open to the public, can be traced back directly to the social commitment of Migros founder Gottlieb Duttweiler, who in 1957 established the Migros Culture Percentage.

For the Migros Culture Percentage, the idea behind the Green Meadow Parks on the Gurten hill near Berne, in Münchenstein, Rüslikon and Signal de Bougy, is to encourage people to go out and discover nature for themselves. For families, the highlights are the free, child-friendly play areas and the many other attractions. Food and drink are available at affordable prices and in typical Migros quality, to give everyone a culinary day out as well.

MONTE GENEROSO RAILWAY

The Monte Generoso Railway in Ticino, which has great views and is ideal for hiking, is another of the range of leisure activities offered by the Migros Culture Percentage, whose support for the Monte Generoso Railway keeps this attractive recreational area open to the public.

The year 2008 will go down as one of the wettest on record in Ticino. Wintry weather prevailed until mid-May, followed by a rainy July. Heavy rainfall in July triggered landslides, which led to the railway service being suspended for four days. Weather wise, only the months of August and October were statistically average. The first half of December saw what may well have been record snowfalls: the blanket of snow at the Monte Generoso's top station measured 2.50 metres. This also impacted on the figures: with 62,000 people carried, and total sales by the railway

of CHF 1.2 million, turnover at the railway business was down by 8.5 per cent.

The campsite in Melano suffered under the same conditions. The site had to be partially evacuated twice because the lake overflowed its banks. Fortunately, sales at the restaurant on the Kulm rose to around CHF 1.2 million, thereby to some extent absorbing the loss of income by the railway business. In the last two financial years, sales by the catering division have risen by over 30 per cent.

A number of investments are planned to deal with the challenges of the future: the guest rooms and group accommodation at the Vetta mountain lodge are being renovated, the kitchen refurbished, the refuge facilities are to be further enlarged and the railway route consolidated. In addition, an IT program is being developed to network all the units of the operation.

ECONOMY

GDI GOTTLIEB DUTTWEILER INSTITUTE

For the GDI, 2008 was a year of change: the events wing, which dates from 1962, and for which Gottlieb Duttweiler himself dug the first turf, has been extensively renovated and improved. Over 300 guests can be accommodated in the new lecture hall. The modernisation took nine months, and was completed on schedule at the end of August; it will enable the GDI to position itself even better in the competitive events market. This will also be helped by the Institute's new, clearer and more standardised brand look, which has been revised and homogenised with the reopening in mind.

Change was also one of the central themes of the GDI in terms of content. With the world changing so quickly, the Institute is once again examining the impact on people and their buying behaviour. Status as the engine of consumption was the theme for both the widely received study "Statusfaction", and for the successful 4th European Consumer Trends Conference in March.

At the 5th European Marketing and Sales Conference early in June, another thematic focus in the light of global change was the longing for authenticity. The conference included lectures and discus-

sions about why authenticity is so highly rated, and how it can be successfully produced.

The third area of focus was the question of how business enterprises can still grow in the light of increasing shortages. The answer at the 58th International Retail Conference was clear: growth is now only possible qualitatively, because industrial thinking along the lines of "bigger, bigger, bigger" is on the way out. The historic conference was accompanied by a study on the future of discounting.

Once again, the information journal "GDI Impuls" has been setting a series of standards by identifying trends at an early stage: the growing "Trojanisation" of the economy, for instance; the subject of hyperlocality; or the question about the future of the generations concept. Another GDI publication looked in detail at the return of religion.

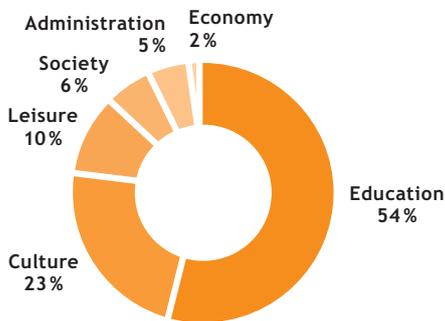
Three partner events helped to further raise the reputation of and familiarity with the GDI Gottlieb Duttweiler Institute. At the end of May the "Zukunftforum" (future forum) was held in Cologne, where experts assembled to discuss markets in 2020 and strategies for commerce. At the end of August Berlin was the setting for the summer beverages industry conference "Sommertage Getränkewirtschaft", of which the GDI is a co-organiser. And finally, the 9th European Foodservice Summit was held in September; the GDI's "European Food Trends Report", hot off the press, was unveiled at this conference.

But without any doubt, the highlight of the year was the ceremony to mark the presentation of the Gottlieb Duttweiler Prize to former UNO General Secretary and Nobel Peace Prize winner Kofi A. Annan. In the presence of honourable guests from the worlds of business, politics and government, and featuring tributes from President of the Swiss Confederation Pascal Couchepin, former Federal Councillor Adolf Ogi and the Afro-British mobile telephone entrepreneur Mo Ibrahim, this was a worthy setting for Foundation Council President Gisèle Girgis to present the award to the deserving recipient.

EXPENDITURE BY THE MIGROS CULTURE PERCENTAGE				
FMC AND MC				
	2008		2007	
	CHF MIO	IN %	CHF MIO	IN %
Culture	27.6	23%	24.9	20%
Education	64.2	54%	63.5	49%
Society	7.8	6%	7.2	6%
Leisure	12.0	10%	8.9	7%
Economy	2.4	2%	2.5	2%
Administration	5.7	5%	7.2	6%
Special expenditure items		0%	13.1	10%
TOTAL	119.7	100%	127.3 *	100%
FMC				
Culture	17.3	39%	15.2	29%
Education	13.3	30%	11.0	21%
Society	5.9	13%	5.3	10%
Leisure	5.4	12%	3.4	6%
Economy	1.8	4%	1.6	3%
Administration	1.0	2%	2.7	5%
Special expenditure items	—	—	13.1	26%
TOTAL	44.7	100%	52.3	100%

* The resources of the Migros Culture Percentage have grown in step with sales in recent years. In 2007, the Migros Culture Percentage paid special expenditure items of CHF 13 million.

PERCENTAGE DISTRIBUTION OF THE MIGROS CULTURE PERCENTAGE BY SECTORS, 2008



Migros Culture Percentage is busy in the areas of culture, society, education, leisure and economy. Among these, education (in Migros Club Schools and Eurocentres) takes the biggest part.

MIGROS MEDIA

MIGROS PRESS

IMPRESSIVE POWER IN COMMUNICATION

In 2008, readership and total circulation of the three Migros magazines again remained at a reasonably high level, even though the rest of the print industry, including the free daily newspapers, has clearly been losing readers.

The full extent of the coverage and communicative power of the Migros titles was impressively demonstrated by the “Murmelmania” marbles promotion (Lillibiggs), which started a real summer-time trend. The follow-up New Year “Murmelmania” promotion was no less successful.

As part of the FMC’s newly integrated marketing strategy, certain sections of the two titles “Migros-Magazin” and “Migros Magazine” have also been revised and reorganised.

KEY FIGURES (IN THOUSANDS)	CIRCULATION	READERSHIP
Migros-Magazin	1,579,796	2,294,000
Migros Magazine	511,161	581,000
Azione	100,042	113,000
TOTAL	2,190,999	2,988,000

Source: WEMF circulation statistics 2008 and Mach Basic 2008-2

SAISONKÜCHE

THE WORD IS SPREADING

Alliances with publishers all over Switzerland are extending the coverage of “Saisonküche”. Once again in 2008, there was no let-up in the pressure on “Saisonküche”. The seasonal cookery title suffered a substantial loss of circulation, although things stabilised in the second half of 2008. The figures are currently on the rise again. Appropriate measures were defined and swiftly put into effect. This also had a negative impact on reader numbers in the initial phase, but here too the stabilisation measures have taken effect.

At the end of 2008 the decision was taken to discontinue the women’s magazine “Saisonelle” in the first quarter of 2009 (the publication appears 6 times a year). The reason for this was a clear focussing on and ongoing development of the main products in the own media sector. Topics covered by “Saisonelle” will be incorporated into the existing products.

Certain sections of “Saisonküche” are also taking on a new look as part of the new marketing strategy. Preparatory work is under way for a relaunch of the Internet platform. In the autumn, the project to set up alliances with publishers across Switzerland got under way; this will help considerably to increase coverage and raise awareness of the publication, and will generate some pressure on the market.

KEY FIGURES (IN THOUSANDS)	CIRCULATION	READERSHIP
Saisonküche	128,620	452,000
Cuisine de Saison	30,393	145,000
Cucina di Stagione	10,949	35,000
TOTAL	169,962	632,000*

(*) Because of a rounding difference, the total for all three titles is higher by 1,000 readers.

Source: WEMF circulation statistics 2008 and Mach Basic 2008-2

ONLINE EDITING SERVICES

INTERNET RIGHT UP TO DATE

Online editing provides professional services for the Migros companies' Internet platforms. After strong growth in 2007 and early 2008 the online editing division used the rest of the year mainly for consolidation and to further improve its professional approach. The online editing service of Migros Media now has a centre of excellence in the consultancy, concept, production, design and technology sector that meets the very highest standards.

The biggest customer is the migros.ch platform, and many platforms and brands of other Migros companies are also served. The division is also heavily involved in the ongoing reorganisation of the Internet strategy at the FMC.

CORPORATE PUBLISHING

CENTRE OF EXCELLENCE FOR PUBLISHING

The new Corporate Publishing Division designs and produces publications within the Migros Community. The Corporate Publishing Division was created by Migros Media in April 2008. The aim and purpose is to design and produce in-house publications within the Migros Community. A centre of excellence for publishing has therefore been created that can accommodate every publishing requirement, operating on its own or in cooperation with agents. At the same time, optimum use is made of internal synergies and value added extended.

The first product handled by the Corporate Publishing Division is the magazine "Actilife", which is currently going through a repositioning phase.

REPORT ON THE FINANCIAL SITUATION

A. Overview

A. 1. KEY FIGURES AND RATIOS

Unaudited

	MIGROS GROUP	
	2008	2007
	CHF MILLION	CHF MILLION
Income	25,749.8	22,696.5
of which income before financial services business	24,732.0	21,705.2
Earnings before finance income and income tax	1,112.9	1,043.1
Group Profit	700.7	800.9
Cash Flow (from operating activity)	2,471.5	1,267.7
of which retail and industry sector	1,887.4	1,945.8
Investments	1,673.8	1,421.0
Shareholders' equity	12,258.4	11,639.1
of which retail and industry sector	10,702.9	10,138.9
Balance sheet total	48,746.8	46,732.1
of which retail and industry sector	19,094.0	18,832.8

A. 2. INCOME STATEMENT

	Migros Group		Retail and Industry sector ¹		Financial Services sector ¹	
	2008	2007	2008	2007	2008	2007
	CHF MILLION	CHF MILLION	CHF MILLION	CHF MILLION	CHF MILLION	CHF MILLION
Net revenue from goods and services sold	24,449.5	21,341.1	24,451.3	21,341.7	3.4	3.4
Other operating income	282.5	364.1	284.3	364.6	0.0	1.3
INCOME BEFORE FINANCIAL SERVICES BUSINESS	24,732.0	21,705.2	24,735.6	21,706.3	3.4	4.7
Income from financial services business	1,017.8	991.3	—	—	1,019.1	992.6
TOTAL INCOME	25,749.8	22,696.5	24,735.6	21,706.3	1,022.5	997.3
Cost of goods and services sold	15,414.8	12,907.0	15,416.2	12,908.2	—	—
Expenses of financial services business	509.6	446.2	—	—	515.0	452.2
Personnel expenses	4,901.4	4,653.4	4,746.5	4,510.4	154.7	143.4
Depreciation and amortisation	983.9	975.2	968.0	962.7	15.8	12.5
Other operating expenses	2,827.2	2,671.6	2,703.6	2,548.5	129.2	126.0
OPERATING PROFIT	1,112.9	1,043.1	901.3	776.5	207.8	263.2

¹ Unaudited; before consolidation of transactions between the two sectors

A. 3. BALANCE SHEET

CHF MILLION	Migros Group		Retail and Industry sector ¹		Financial Services sector ¹	
	2008	2007	2008	2007	2008	2007
ASSETS						
Cash and cash equivalents	3,148.8	2,834.9	1,462.9	1,758.1	2,034.0	1,204.4
Receivables due from banks	91.3	391.1	134.9	358.9	—	129.7
Mortgage and other customer receivables	26,476.9	24,889.5	—	—	26,516.8	24,940.6
Other receivables	905.8	924.3	874.3	898.5	32.1	26.5
Inventories	2,093.7	2,041.1	2,093.7	2,041.1	—	—
Other financial assets	3,022.4	3,323.0	1,067.3	942.6	1,955.0	2,380.4
Investments in associated companies	101.7	99.6	839.2	837.1	—	—
Investment property	327.3	305.3	295.2	272.8	32.1	32.5
Tangible assets	10,887.5	10,333.5	10,731.7	10,201.8	155.9	131.7
Intangible assets	1,190.9	1,072.9	1,132.5	1,068.3	58.4	4.6
Other assets	500.5	516.9	462.3	453.6	38.1	64.3
TOTAL ASSETS	48,746.8	46,732.1	19,094.0	18,832.8	30,822.4	28,914.7
LIABILITIES						
Payables due to banks	1,257.4	1,439.3	1,250.4	1,311.4	58.8	167.6
Customer deposits and liabilities	21,114.0	19,391.6	—	—	21,491.8	19,613.2
Other financial liabilities	2,224.2	2,132.6	2,208.5	2,128.6	15.7	4.0
Other liabilities	2,718.5	2,761.9	2,457.0	2,532.9	264.0	245.7
Provisions	120.4	98.9	115.2	93.7	5.1	5.1
Issued debt instruments	7,030.8	7,340.8	643.8	991.5	6,387.0	6,349.3
Liabilities from employee benefits	546.7	516.2	536.7	506.9	17.3	16.9
Current income tax payables	109.7	83.9	94.4	77.4	15.3	6.6
Deferred income tax liabilities	1,366.7	1,327.8	1,085.1	1,051.5	280.1	274.6
TOTAL LIABILITIES	36,488.4	35,093.0	8,391.1	8,693.9	28,535.1	26,683.0
TOTAL SHAREHOLDER'S EQUITY INCLUDING MINORITY INTERESTS	12,258.4	11,639.1	10,702.9	10,138.9	2,287.3	2,231.7
TOTAL LIABILITIES AND EQUITY	48,746.8	46,732.1	19,094.0	18,832.8	30,822.4	28,914.7

A. 4. CASH FLOW STATEMENT

CHF MILLION	Migros Group		Retail and Industry sector ¹		Financial Services sector ¹	
	2008	2007	2008	2007	2008	2007
Cash flow from operating activity	2,471.5	1,267.7	1,887.4	1,945.8	905.0	-876.8
Cash flow from investing activity	-1,761.7	-1,677.3	-1,748.8	-2,092.6	-13.0	416.2
Cash flow from financing activity	-371.1	829.5	-409.0	369.7	-62.4	356.6
CHANGES IN CASH AND CASH EQUIVALENTS	338.7	419.9	-270.4	222.9	829.6	-104.0
Cash and cash equivalents, at beginning of year	2,834.9	2,412.2	1,758.1	1,532.4	1,204.4	1,308.4
Foreign exchange differences	-24.8	2.8	-24.8	2.8	—	—
CASH AND CASH EQUIVALENTS, AT END OF YEAR	3,148.8	2,834.9	1,462.9	1,758.1	2,034.0	1,204.4

¹ Unaudited; before consolidation of transactions between the two sectors

B. Introduction

Apart from companies in the sectors Retail, Industry and Wholesaling, the Migros Group also owns Migros Bank. The Financial Services business of Migros Bank differs fundamentally from other segments of the Migros Group. It is for this reason that in the annual accounts of the Migros Group two sectors have been added in the Report on the financial situation: Below, the Migros Group without the Financial Services business is referred to as **“Retail and Industry sector”** and the Migros Bank as **“Financial Services sector”**. This separate reporting allows outsiders to gain a good insight into the income, financial and asset position of the two sectors. The below table provides an overview of the segments assigned to the sectors:

SECTOR	CONSISTING OF THE SEGMENTS
Retail and Industry sector	Cooperative Retailing, Commerce, Industry & Wholesaling, Travel, Others
Financial Services sector	Financial Services (Migros Bank)

The information provided for the sectors refers to the annual accounts before elimination of intercompany transactions between the Retail and Industry and the Financial Services sector. The respective totals do therefore not correspond with the totals of the audited annual report of the Migros Group. According to IFRS this additional information is not mandatory and has therefore not been audited.

C. Acquisitions and disposals

During the last two years, the Migros Group has acquired and sold various companies. These transactions have an integral effect on the income statement and balance sheet. During the financial year 2008 mainly the following companies were acquired:

Mifroma SA, the cheese processing company of Migros, has acquired 85 per cent of the shares in Emil Dörig Käsehandel AG as of 6 August 2008. The acquisition has enabled Mifroma to accelerate the sale of cheese specialities from Eastern Switzerland as well as Appenzeller cheese, in particular, in Switzerland and abroad. Mifroma SA has acquired a call option for the remaining 15 per cent of the shares. The Competition Commission has approved the acquisition on 9 October 2008; the company has been included in the consolidation group as of 1 November 2008. The

company has been allocated to the segment Industry & Wholesaling.

Hotelplan Holding AG, has acquired 51 per cent of the shares of the Russian Ascent Travel Group and a call option for the remaining shares as of 28 February 2008. Ascent Travel is the definitive market leader in Russia's growing ski travel market. With the acquisition, Hotelplan continues its strategy of acquiring specialists in active value-added markets and complements Inghams Travel, the leading British ski operator, who is also a member of the Hotelplan Group. The company has been included in the consolidation group as of 1 March 2008. The company has been allocated to the Travel segment.

No companies were sold by the Migros Group during the financial year 2008. During the financial year 2007 mainly the following companies were acquired:

The Board of Directors of the Federation of Migros Cooperatives (FMC) decided on 12 January 2007 to acquire 70% of Denner AG, Zurich. The remaining 30 per cent are held by Gaydoul Holding. This partnership with the leading food discounter in Switzerland perfectly fits the Migros strategy of participating in the growing discount market with additional ranges. The joint venture also considerably contributes to securing Denner's competitiveness in the long term and to reinforce the competitiveness of Migros Industry. Philippe Gaydoul will remain Head of Operations for at least another three years and will ensure that in the future Denner will also remain Denner. The Federation of Migros Cooperatives has acquired a call option for the remaining 30 per cent of the shares. On 3 September 2007 the Competition Commission approved the acquisition of Denner subject to the certain conditions. Denner will be included in the consolidation group as of 1 October 2007. The company has been allocated to the segment Commerce.

Migros Aare has acquired all of the shares of the Egerking shopping centres Gäupark North and Gäupark South as of 1 January 2007 thus safeguarding their successful future. The centres were sold by the former owner Georg P. Hein, who can now rest assured that his life's work is secure. There will be no changes to the existing concept. The Egerking shopping centres will be included in the consolidation group as of 1 January 2007. The company has been allocated to the segment Cooperative Retailing.

The Migros Cooperative Zurich, already operating five Migros fitness parks, has acquired 100% of the shares in Activ Fitness AG, Zurich as of 2 April 2007. Following the acquisition, the two most successful fit-

ness chains in the economic region of Migros Zurich have been planning their joint future. Activ Fitness AG will be included in the consolidation group as of 1 January 2007. The company has been allocated to the segment Cooperative Retailing.

The effects (from the date of inclusion in the consolidation group) of the extension of the consolidation group for the Migros Group or the individual segments are shown below:

2008 CHF MILLION	INCOME	EXPENSES	OPERATING PROFIT
SEGMENT			
Cooperative Retailing	1.3	1.3	–
Industry & Wholesaling	4.8	5.7	-0.9
Travel	95.9	98.0	-2.1
TOTAL EFFECT OF ACQUISITIONS	102.0	105.0	-3.0

On 27 October 2006, the Federation of Migros Cooperatives acquired a 30% shareholding in Cash+Carry Angehrn (CCA). This partnership with one of the most significant Swiss Cash + Carry operators for the hospitality sector and small retailers fits in with Migros' strategy of strengthening the bulk customer busi-

ness and processing it in its entirety. The Competition Commission has approved the acquisition of the shareholding on 8 January 2007. CCA was integrated as an associated company on 1 January 2007.

During 2007, the Hotelplan Group has disposed of several smaller companies (for details see Note 45).

D. Income trend (sales trend) of Migros Group

The Migros Group produced an income of CHF 25.7 billion, representing a growth of 13.5 per cent. The Retail and Industry sector saw a growth of 14.0 per cent equal to an income of CHF 24.7 billion. The growth rate after adjustment for acquisitions amounts to 4.4 per cent.

The growth of the core business has clearly exceeded expectations; market share was increased slightly. The Financial Services sector further increased income from customer business, shows an income of CHF 1,022.5 million with a growth of 2.5 per cent and continued to gain in market share.

D.1. Income trend (sales trend) in Retail and Industry sector

INCOME IN RETAIL AND INDUSTRY SECTOR	TOTAL INCOME		CHANGE OVER PREVIOUS YEAR IN %
	2008 CHF MILLION	2007 CHF MILLION	
Cooperative Retailing	15,777.1	15,126.2	4.3
Commerce	6,213.2	3,796.1	63.7
Industry & Wholesaling	4,967.8	4,600.4	8.0
Travel	1,941.4	2,029.9	-4.4
Others	392.0	379.2	3.4
Eliminations (within retail and industry sector)	-4,555.9	-4,225.5	7.8
TOTAL RETAIL AND INDUSTRY SECTOR	24,735.6	21,706.3	14.0

In the **strategic segment Cooperative Retailing** the ten regional Cooperatives produced income of CHF 15.4 billion. This represents an increase of CHF 695.2 million or 4.5 per cent over the previous year. The

growth in income was supported by supermarkets producing a growth of 5.7 per cent. According to the BFS, increases in the cost of living in Switzerland amounted to 2.4 per cent. Prices of numerous products had to

be slightly increased due to higher raw material costs (e.g. prices for milk, wheat, cocoa). Migros does, however, still offer the best value for money as constantly confirmed by independent sources. In 2008, Migros introduced a lowest-price guarantee for 400 M-Budget products. The weighted sales area increased by 0.3 per cent over the previous year and the weighted area productivity increased by 4.3 per cent. Retail Migros in other countries produced sales of CHF 224 million, a decrease from previous year's level. This was caused by the closure of a store in Germany and in France and changes in the exchange rate. Another store was, however, opened in Germany in the autumn.

The **strategic segment Commerce** mainly includes retail companies Denner, Migrol, Magazine zum Globus, Interio, Ex Libris, Office World and Le Shop. After adjustments for acquisitions (Denner) the segment showed a positive growth of CHF 324.9 million or 5.9 per cent. All companies with the exception of Interio contributed to this. During 2008, Denner has achieved an income of CHF 2,705.7 million, showing with 8.3 per cent a growth rate above market average (previous year CHF 689.8 million for three months). This is mainly due to the fact that the company has managed to distinguish itself in its Fresh Produce range and its expansion. By now, over 60 per cent of stores have adopted the new concept. Migrol achieved an increase in sales of 21.3 per cent. On one hand the growth is due to the high mineral oil prices in the first half of the year and on the other hand, due to an 8.7 per cent increase in cubic metres sold. The cooperation with Valora was disbanded in favour of a cooperation with Shell. Shell operates new Migrolino Convenience Stores at its major Shell petrol stations. For 2009, 100 new shops are planned. Globus achieved a growth rate of 3.0 per cent. The positive result produced by Globus can be attributed to the strengthening of the fashion segments, the upgrading of various Globus department stores and the expansion in sales area. With income of CHF 194.3 million Ex Libris once again achieved record results, showing an increase of 8.7 per cent over the previous year. The largest media provider in Switzerland has taken advantage of the abolition of binding book retail prices and the growth opportunities offered by the Internet. The book and reading offensive, lowering book prices by 15 per cent has contributed to this excellent result. In the highly competitive E-Commerce business, the company benefited from meeting the requirements of Swiss customers better than its competitors. Le Shop has again had a very successful year. With an annual income of CHF 113.8 million, the com-

pany has grown by 20.6 per cent over the previous year. A significant increase was achieved in average order value: Le Shop customers spent an average of CHF 224 (+5 per cent) per order. In a conventional supermarket the average order value is around CHF 38. The delivery areas Ticino and parts of Grisons, opened in 2008, have fulfilled all expectations.

The **strategic segment Industry & Wholesaling** includes, apart from 15 industrial companies also the two wholesalers Scana Lebensmittel AG and Mérat AG. With an 8.0 per cent increase in income for the sector, Migros Industry impressively continues its growth experienced in 2008. The growth is due to the good sales with the Migros Group and sales with third parties in Switzerland. The growth from third-party customers is mainly due to the expansion of the bulk consumer business. Exports were increased by 9 per cent in local currency but only by 1 per cent in Swiss Francs. The currency losses of Pound Sterling, the Euro and Dollar compared to the Swiss Franc have considerably affected this good result adversely. 3 per cent of the nominal growth was achieved through price increases: Although the increases in raw material costs, prevalent in 2008 were to an extent absorbed by cost reduction programs, the increases had to be partly passed on to customers. The share of sales of all product innovations amounts to over 10 per cent. Industry companies thus make their contribution as part of the strategic "Growth" group initiative. A particularly strong growth of 13.7 per cent was achieved by the industry segment Meat, Fish and Poultry (Micarna, Mérat). This segment benefited from the expansion of the catering business and the transfer of the fish activities from the Zurich Cooperative in July 2007.

In the **Travel segment** Hotelplan produced income of CHF 1.9 billion, representing a decrease of CHF 88.5 million or -4.4 per cent. Last year's income was affected by one-off effects (sale of hotels and holiday complexes). All in all, results achieved in the Swiss travel business are not satisfactory as yet, although the take-over of the Travelhouse group has already had a positive effect on the Swiss business. The previously individually managed companies in Switzerland merged last year. As a result of the reorganization the brand portfolio was positioned more accurately. The international business of the group has seen a positive development with Hotelplan England, mainly active in the winter business and Interhome, the leading agent for quality holiday homes. The income of both companies was to some extent also considerably burdened by changes in the exchange rate. Interhome has rapidly

developed in its core business. The number of properties on offer rose from 30.000 to 46.000 in the previous year; various new countries were added to the company's portfolio. The summer business of Hotelplan Italy – with emphasis on long-distance travel – was already affected by the effects of the financial crisis.

D.2. Income trend in Financial Services sector

The Financial Services sector has continued to increase its market share and hold income levels of last year despite of the difficult circumstances. Income from financial services business amounted to CHF 1,019 mil-

lion in the financial year with interest revenue totalling CHF 924 million or 91 per cent, constituting the main share of total income. Commission income amounts to CHF 96 million and financial instruments and foreign exchange dealings resulted in a net loss of CHF 1 million due to valuation adjustments in line with the market. In the hard fought-over mortgage market, Migros Bank achieved a growth in mortgage loans of CHF 1,576 million or 6.3 per cent due to the company's advantageous rates. As a result of the financial crisis, Migros Bank achieved a net increase in customer deposits and liabilities of CHF 1,879 million or 9.6 per cent.

E. Operating result of Migros Group

The operating result (EBIT) of the Migros Group for 2008 of CHF 1,112.9 million is 6.7 per cent or CHF 69.8 million higher than the previous year's result of CHF 1,043.1 million. Within the Retail and Industry sector, in particular, the strategic business segments Cooperative Retailing and Industry profited from sales growth and increased productivity as a result of

constant process and structural optimizations. Due to the financial crisis, the EBIT of the Financial Services business is lower than in the previous year with CHF 207.8 million. The cost/income ratio, showing the relationship between business expenditure and income also increased because of the financial crisis and the continued expansion of the Migros Bank to 54.6% (previous year 47.3 per cent).

E.1. Operating result of Retail and Industry sector

OPERATING PROFIT IN RETAIL AND INDUSTRY SECTOR			
	TOTAL OPERATING PROFIT		CHANGE OVER PREVIOUS YEAR IN %
	2008 CHF MILLION	2007 CHF MILLION	
Cooperative Retailing	532.6	393.6	35.3
Commerce	98.7	76.2	29.5
Industry & Wholesaling	186.5	179.2	4.1
Travel	13.6	77.2	-82.4
Others	61.2	48.6	25.9
Eliminations (within retail and industry sector)	8.7	1.7	–
TOTAL RETAIL AND INDUSTRY SECTOR	901.3	776.5	16.1

The optimization of the value-added chain and of the structures is an ongoing process. Various measures for optimizing processes and structures were initiated continued or completed during the past financial year.

With the “Success“ project, systematic programs were started in all Cooperatives, leading to a further increase in efficiency in providing services for cus-

tomers. Various Cooperatives have, for instance, analysed and optimized their store processes. The contribution margins per completed hour were significantly increased whilst personnel costs per square meter were decreased. The aim of the “Optifrais“ project is to optimize the entire Fresh Produce procurement process by issuing regular invitations to tender and moni-

toring procurement structures. The project seamlessly connects to the project “New Migros Fresh Produce” with which we were able to provide clients with products that are even fresher and of better quality. As part of this project, the product mix was standardised throughout Switzerland and extended with a defined number of regional products. Purchasing was combined enabling companies to improve their quality control of suppliers. Advertising was given a new focus and direction and advertising efficiency was increased as a result of which the advertising budget, one of the largest in Switzerland, was reduced considerably. After subjecting Migros Catering to a full analysis, the main findings and measures have been or are being implemented: Its positioning, market representation and procurement were standardised throughout Switzerland. Within the Logistics division, transportation costs were systematically analysed by the NATRO project and both the organization and responsibilities were revised. As a result, costs of transportation were noticeably lowered. In connection with the new Power Supply Act, electricity consumption was also analysed again. The introduced Energy Data Management System provides data transparency for the new Electricity Procurement Competence Center, bundling and centrally procuring energy requirements in future, resulting in respective cost savings.

During the last financial year, industrial companies were grouped into segments. This not only allows better use of the synergies between the individual industrial companies but also provides the best possible prerequisites for Industry to make its contribution as part of the strategic initiatives “Growth” and “Product leadership”.

The Hotelplan Group now has a holding structure. The previously separately managed divisions Hotelplan Switzerland and Travelhouse group have merged with immediate effect to M-Travel Switzerland, the new overall organisation for Switzerland.

The **gross margin** and **operating result** of the Retail and Industry sector were influenced by new structures and procedures, monitoring and standardisation of processes and efficiency programs as well as sustained cost management. Apart of these operating influences, the acquisition of Denner also had a considerable influence on this year. The financial year 2008 is the first full accounting year. Denner – the discounting chain of the Migros Group – has a significantly lower gross margin than Cooperative Retailing.

The change in the **gross margin** results from shifts in the individual companies’ shares of sales. The segment

Industry & Wholesaling has a higher gross margin as a result of internal production. The segments Cooperative Retailing, Commerce and Travel have smaller gross margins because they do not have their own production facilities, but their operating costs are correspondingly lower. Any increases in efficiency and improvements in the purchasing for goods are passed on to the customers in form of reduced sales prices. As a result of passing on the increases in efficiency to the customer, the gross margin is reduced. Annual changes in the sales mix result in further smaller shifts of margin.

EBIT was increased by CHF 124.8 million. The company managed to compensate for the ongoing price pressure in goods and the influence of increasingly adverse currency exchange rates. This was, on one hand, achieved by successful efficiency enhancement programs and, on the other hand, with the aid of suppliers reducing purchase prices. Increases in raw materials experienced in the financial year 2008 had to some extent to be passed on to customer as price increases but were also partly absorbed by productivity enhancement programs. Operating costs have risen less than sales. Personnel expenses, which in addition to wages and salaries also include pension fund contributions and other social security benefits, represent 19.2 per cent (previous year 20.8%) of costs shown in the income statement and are together with expenditure on goods and materials by far the largest cost factor. After adjustment of company acquisitions (Denner, Travelhouse), personnel expenses are reduced by CHF 82.1 million, despite salary increases of 1.5 to 2.5 per cent exceeding average increases for the sector. This is due to careful and improved planning and optimised use of available staff. Other operating costs increased slightly mainly due to the acquisitions. Investment activities with total investments in the current financial year of CHF 1.7 billion (previous year CHF 1.4 billion) remain at a very high level. The same applies to depreciation which included special depreciations for stores in the previous year. Most of these investments are utilized by the Cooperatives and Commercial companies for new, expanded and modernised sales outlets and by Migros Industry for the modernisation and expansion of capacity at production facilities.

E.2. Operating result of Financial Services sector

The Financial Services sector generated income from financial services business totalling CHF 1,019.1 million with costs of CHF 515.0 million. The net income from financial services business of CHF 540 million

fell thus somewhat short of the excellent result of CHF 540.5 in the previous year.

Net income from interest margin remains an important result component in the Financial Services sector, producing approximately 90% of the net income in this sector during 2008. Due to a good refinancing structure, the interest margin showed only a slight change. As a result, net income from interest margin saw a rise of 1.5 per cent over the previous year.

Despite of the adverse effects of the financial crisis, income from the commission business was more or less maintained at the previous year's level. Due to a considerable amount of new deposit customers Migros Bank was able to somewhat compensate for the lower commissions caused by the adverse sentiment of the stock market. And in the other services business, the result of the previous year was even exceeded due to the larger customer base. All in all profit from the commission business fell by 6.1 per cent from the previous year.

Downward movement in the equity and bond markets meant that Migros Bank had to make adjustments to its own securities held mainly as cash reserves. Whilst differences in foreign exchange conversion resulted in an additional income of CHF 11 million due to currency hedging, financial investments showed a negative result of CHF 47 million, including, in particular, valuation adjustments. Overall, the loss from financial investments amounted to CHF 1 million, whilst the segment showed a profit of CHF 46 million in the previous year.

Due to the continuous expansion of the customer advice capacities and of the branch network, staffing levels increased by 59 to 1263 employees from the previous year. Rising requirements in the consulting and support areas produce however a continuous trend for more qualified staff. As a result of salary adjustments and higher social security contributions as well as project-related personnel costs, total personnel costs rose by a total of 7.8 per cent to CHF 155 million.

Over the last year Migros Bank has made considerable expenditures in extending its infrastructure, resulting in an increase in the item Other operating expenditure of 2.6 per cent to CHF 129 million.

F. Balance sheet of Migros Group

Mortgage and other customer receivables and deposits of the Financial Services sector have had a considerable effect on the balance sheet of the Migros Group. Compared to 31 December 2007, the balance sheet to-

tal rose by CHF 2.0 billion to CHF 48.7 billion as a result of a renewed increase in customer deposits in the financial services business. Customer deposits as per 31 December 2008 amounted to approx. 43.3 per cent of the balance sheet total (31 December 2007: 41.5 per cent).

F.1. Balance sheet of Retail and Industry sector

The balance sheet total for the Retail and Industry sector has increased by 1.4 per cent to CHF 19,094 million over the previous year. Increases in the balance sheet total and changes in the balance sheet structure from the previous year were mainly due to the operational business. In April 2008 a maturing CHF 350 million issued bond was reimbursed. The balance sheet items Cash and Cash equivalents, Receivables due from banks and Issued debt instruments consequently decrease accordingly. The carrying amount of tangible assets increased by CHF 529.9 million over the previous year, as a result of extensive investment activities by the Migros Group. During the last financial year the Migros Group has invested CHF 1,580.4 million (previous year 1,402.1 million) mainly in renewing its branch network and plants in Switzerland. On 8 October 2008, the Westside shopping center, an innovative investment project of the Cooperative Aare was opened as planned after several years of construction. Its investment volume added up to several hundred millions of Swiss Francs.

The carrying amount of Intangible assets amounts to CHF 1,132.5 million (previous year CHF 1,068.3 million) as per 31.12.08 and of Intangible assets with unlimited useful life to CHF 636.3 million (previous year CHF 558.9 million). An important item in this figure is the goodwill acquired in 2007 with the acquisition of Denner. During the past financial year no major value adjustments had to be made concerning Goodwill.

The quoted debt securities of the Migros Group were awarded an A-rating by Standard & Poor's. The balance sheet structure of the Retail and Industry sector continues to remain healthy. The interest bearing net finance debts of CHF 2.0 billion are set against a balance sheet total of CHF 19.1 billion and have decreased by CHF 194.3 million from the previous year. Based on the current EBITDA these debts can be paid off within 1.1 years. With an increase in equity of CHF 564.0 million, the proportion of shareholders' equity in the total capital increased to 56.1 per cent.

The principle of matched maturities, whereby shareholders' equity and long-term loan capital cover noncurrent assets, has been maintained.

F.2. Balance sheet of Financial Services sector

During the reporting year receivables from mortgages and other customers were increased by 6.3 per cent from the previous year to CHF 26.5 billion. Due to its attractive and transparent pricing policy, growth over and above the average for the sector could be achieved.

The trend for converting fixed-interest mortgages into variable-interest mortgages, already apparent last year, has increased further during the reporting year. On the balance sheet date, 54 per cent of all mortgages were fixed-interest mortgages compared to 62 per cent in the previous year.

Interest servicing by mortgage customers remains very good. Open interests (without overdue and depressed receivables) only amount to 0.4 per cent of the total interest income from mortgages.

In order to ensure refinancing of customer lending at any time, also under changed market conditions, Migros Bank holds significant cash reserves in form of securities. Securities shown under balance sheet item Other financial assets amount to CHF 2.0 billion and mainly consist of debt securities and widely diversified investment funds. During the reporting year, these cash reserves were reduced by a total of CHF 425 million.

This marked credit growth was fully financed with new customer deposits. As a result of the financial crisis, Migros Bank profited from a considerably increase in new cash flow. Customer deposits and liabilities increased by CHF 1.9 million or 9.6 per cent. Customer deposits totalled CHF 21.5 billion, corresponding to 81.1 per cent of customer lending at the end of 2008. Migros Bank consequently continues to benefit from a comfortable refinancing structure.

Due to the positive result for the year, the bank once again managed to significantly strengthen its own funds. In the financial year 2007, a dividend of CHF 100 million was paid out. For the financial year 2008 a dividend of CHF 80 million is proposed. The banks own funds creditable under Swiss banking law thus total CHF 2,316 million on 31 December 2008. Compared to the legally required coverage this represents a very comfortable cover ratio of 186 per cent.

G. Cash flow statement of Migros Group

On 31.12.2008 cash and cash equivalents of the Migros Group amounted to CHF 3,149 million. The increase of CHF 339 million over the previous year 2007 resulted from the higher cash flow of CHF 2,472 million ob-

tained from the operating activity. On the other hand the group saw a net outflow from investing activity amounting to CHF 371 million.

G.1. Cash flow statement of Retail and Industry sector

At the end of 2008, cash and cash equivalents of the Retail and Industry sector totalled CHF 1,463 million. Compared to CHF 1,758 million at the end of 2007 this represents a rise of CHF 295 million.

The cash flow from operating activity has decreased by CHF 58 million to CHF 1,887 million. This is partly due to the financial result-related decreased profit before taxes. Also, in particular the decrease in liabilities to commercial banks has led to an outflow of funds resulting in a lower cash flow from operating activity than in the previous year.

During the reporting year the outflow from investing activity totalled CHF 1,749 million, in particular due to investments in long-term assets totalling CHF 1,579 million. With a total of CHF 1,157 million, Cooperative Retailing (primarily its distribution network) showed the highest investment volume. Revenue from the sale of long-term assets (mainly real estate) amounted to approx. CHF 111 million. The clear decrease in investment activities during the reporting period is due to acquisitions of subsidiaries during the previous year. The outflow of funds from investment activity was fully financed from the generated cash flow (operating activity).

The outflow of funds generated by financing activity amounted to CHF -409 million. This decrease from the previous year (2007: increase of CHF 370 million) is mainly due to the change of funds in issued bonds. During the reporting year the Federation of Migros Cooperatives paid off a bond of CHF 350 million. In contrast, the issue of two new bonds totalling CHF 350 million led to an inflow of funds during the previous year, required for refinancing the bond maturing during 2008.

G.2. Cash flow statement of Financial Services sector

At the end of 2008, cash and cash equivalents of the Financial Services sector amounted to CHF 2,034 million. Compared to the total of CHF 1,204 million at the end of 2007 this represents an increase of CHF 830 million.

In 2008 operating activity resulted in an inflow of CHF 905 million, compared to an outflow of CHF 877 million in the previous year. The operating inflow was mainly the result of the positive growth in customer

deposits and liabilities of CHF 1,879 million. The increase in mortgage and other customer receivables resulted, on the other hand in an outflow of only CHF 1,576 million. The retirement of short-term financial investments also produced a cash flow of CHF 349 million.

CHF 93 million were invested for extending the bank infrastructure. On the other hand, CHF 80 million of long-term financial assets were liquidated during the reporting year. In total, investing activity generated a cash outflow of CHF 13 million during the reporting year compared to a cash inflow of CHF 416 million in the previous year.

The financing activity generated a cash outflow of CHF 62 million during 2008 compared to 357 million in the previous year. The switching of debenture loans and mortgage loans to deposit certificates resulted in a total cash flow of CHF 38 million. CHF 100 million was paid out to the shareholder as dividends during the reporting year.

H. Pension schemes

As regards employee benefits IAS 19 differentiates between defined benefit and defined contribution pension schemes. The type of scheme determines the method of accounting treatment. In case of defined contribution plans according to IAS 19, the obligations of the employer are limited to the payment of a fixed contribution to a funds which will provide the benefits to the employee at a later stage. The actuarial risk (e.g. the effects of incorrectly estimated likelihoods of fluctuations, mortality rates) and the investment risk are borne by the employee. The employer contribution is recognized as an expense in the year the employee worked for the company. In case of a defined benefit scheme according to IAS 19, the employer is obliged to pay out an agreed amount. The employer thus bears the main share of the actuarial and investment risk. For defined benefit pension schemes the expense for the period under review is determined from the change in pension provisions, calculated using the so-called Projected Unit credit Method. Swiss BVG pension funds (BVG contribution and benefit plans) are generally regarded as defined benefit plans (2008: 98.9 per cent of pension expenditure). Companies of the Migros Group use different, generally legally independent pension providers. The largest of these providers are the Migros Pension Fund, the Globus Group Pension Fund and the Denner Pension Fund.

The financial crisis has adversely influenced the IAS 19 cover statuses of the major pension providers in 2008 in two ways: on one hand, long-term yields on funds held by pension providers fell considerably short of expectations due to actually achieved negative yields. On the other hand the discount rate of the defined benefit obligations was reduced by 0.25 per cent in 2008, increasing obligations further. The IAS 19 cover statuses of the three major pension providers have thus all fallen to below 100 per cent in 2008, from an average IAS 19 cover status of 115.7 per cent in the previous year to a status of 94.1 per cent at the end of 2008. It must also be observed that the IAS 19 cover status of a pension provider deviates from the BVG cover level, as BVG cover levels are calculated using statistical methods, whilst the IAS 19 cover statuses use dynamic methods. The average BVG cover level of the three pension providers amounts to 97.1 per cent. The specific provisions of IAS 19 result in the Migros Group showing pension provision assets in 2008 equal to the employer contribution reserves less waiver of application, totalling CHF 270.5 million.

The pension provision expense which, like in the previous year, corresponds to the employer contributions for occupational pensions has increase by CHF 23.4 million from the previous year to CHF 442.0 million.

I. Value-orientated management as basis for creating value added

Value-oriented management is a recognised form of corporate financial management. For all companies, regardless of what they do, how big they are or what their legal form is, it is of central importance that they are oriented to the creation of value added. Migros applies a model of value-oriented management specifically adapted to the Migros Group as a basis for its financial management. Its basis is that the Migros Group has to act just like any other company with regard to creation of value added and efficiency. The paramount objective for Migros here is to guarantee long-term success by means of sustained value added. To achieve this, differentiated targets are set for the various corporate sectors. Migros therefore differs from capital market oriented businesses in its use of the value created. The financial values created are made available to customers, to secure jobs, for the Culture Percentage or for long-term investments in major projects. Further information about this may be found in the Statement of Value Added.

The concept applied, and its methodology, are not intended solely to strengthen the notion of value added; they also improve the quality and transparency of decisions and ensure the availability of relevant financial information. This means that Migros can focus more on sustained implementation of its corporate strategy and on greater integration of strategic, financial and investment planning. Annual results, budgets and plans are assessed on the basis of established targets and new projects evaluated accordingly. Sector-specific evaluations with differentiated targets also enable the Migros Group to carry out a radical evaluation of its activities and risks, showing the value added by the corresponding sectors or projects. Key variables such as returns, growth and creation of value added are therefore a component of the group's operations and strengthen its influence in an increasingly competitive market environment. Accordingly, the key concept of value-oriented management and positive focussing on greater attractiveness are ever-present considerations.

J. Risk management and Internal Control System (ICS) in the Migros Group

J.1. Risk management and Internal Control System (ICS) in the Retail and Industry sector

J.1.1. Risk management in general

The companies of the strategic business units Cooperative Retailing, Commerce, Industry & Wholesaling, Travel and Others are active in many markets and are thus exposed to very different risks. In order to control such risks, the Migros Group operates a risk management. The Board of Directors of the Federation of Migros Cooperatives is responsible for a comprehensive risk management across all companies of the Migros Group and ensures that risks are evaluated on time and in the appropriate manner. It also defines the underlying conditions of the risk management activities within the group. The Board of Directors is regularly informed about the risk situation in the Migros Group and the strategic business units by the Executive Board.

The risk management process is integrated in the annual financial planning and strategy process. Using a systematic risk analysis, the Board of Directors and the management of an individual Migros company identify the main risks and assess these as regards likeliness of occurrence and financial effects. The Board of Directors of the larger companies decide

on suitable measures for avoiding, reducing or passing on the risks. Any risks to be borne by the company are rigorously monitored. Financial risks which may affect financial reporting are reduced by the internal control system. The results of the risk evaluation are appropriately considered during the annual analysis of the corporate strategy. The results of the risk assessments of the individual companies are summarised and grouped by strategic business units. The departmental managers carry out an overall risk assessment for their respective strategic business unit. Based on this information, the Board of Directors of the FMC will assess the influence of the main risks on the strategic business units and will consequently decide on further measures.

Internal auditors also provide a monitoring and control function. As they operate outside of the operational activities, they are able to identify any weaknesses in the internal control system and to provide measures for improving the effectiveness and efficiency of monitoring and control processes.

J.1.2. Financial risk management

As a result of its operating business activity, the Retail and Industry sector is confronted with financial risks caused by a change in interest rates, exchange rates and the price of raw materials and fuel. In order to limit these financial risks, original and derivative financial instruments are used to hedge against risks from arranged and planned transactions. Internal guidelines determine the required scope, competencies and controls. Financial instruments are only entered into with contractors of sound standing and limits set for counterparties for this purpose as well as the utilisation of such limits are constantly monitored and reported.

Exchange rate risks originate from the purchase of commodities, raw materials and services from abroad as well as to some extent from international activities e.g. Hotelplan's travel operation. Each entity defines its maximum foreign currency exposure from which it defines its hedging requirement. The individual enterprises enter into hedging relationships with the Treasury department of the Federation of Migros Cooperatives. The Treasury department of the Federation of Migros Cooperatives is responsible for hedging against foreign currency exposure on the market in different currencies used by the Retail and Industry sector. The main currencies are the EURO and US Dollar. In particular forward exchange dealings and to some extent also foreign currency options are used

as hedging instruments. On a regular basis, the individual companies report their foreign currency exposure to the Treasury department of the Federation of Migros Cooperatives, who generates the foreign exchange exposure or foreign exchange risk of the Retail and Industry sector from these figures.

As most of the liquidity and financing of the Federation of Migros Cooperatives is centralised, the interest risk can be centrally monitored and controlled. Because of the volatility of market interest rates, interest-bearing financial investments as well as lending are exposed to an interest rate risk that may have negative effects on the net worth and earnings. The interest rate risk is monitored with a simulation calculation and is mainly controlled with interest rate swaps and forward rate options.

Migros also buys a limited amount of shares to maintain liquidity. Share price fluctuations consequently have a direct effect on the result. In order to reduce share price risks to a minimum, appropriate diversification of share investments by markets, securities and sectors is observed. The risks of any loss in value are reduced by analyses before making the purchase and by regularly monitoring the performance and risks of the investments.

Raw material price risks result from the planned purchase of raw materials such as coffee and cacao, heating oil, Diesel and fuel. Where possible, price increases are passed on to customers. In order to limit the effects of raw material price fluctuations, swaps and futures are used for hedging against risks for a period of up to 18 months.

The financial requirements of the Retail and Industry sector are met by raising short- or long-term funding on the money and capital markets. Financing is essentially based on a “three-pillar” concept: the investment savings accounts of Migros employees, attracting an interest rate equivalent to the first mortgage rate of Migros Bank, bilateral credit lines from domestic and foreign banks, fully utilized at present in form of variable-interest roll-over loans and fixed-interest capital market bonds and private placements with institutional investors.

The companies within the Retail and Industry sector obtain their funding centrally from the Federation of Migros Cooperatives, providing capital at the best available cost and diversified in respect of maturity staggering and counterparties and nearly exclusively in the main currency Swiss Franc. The credit worthiness of the Retail and Industry sector is regularly checked by the credit rating agency Standard & Poor’s.

Currently, the Retail and Industry sector is rated as follows: Rating by Standard & Poor’s: long-term A, outlook stable, short-term A-1.

Financial risk management helps to maintain a strong balance sheet and healthy balance sheet ratio. These activities are based on a conservative approach that places the strategic financial targets of “flexible and adequate cash flow” and “minimization of risk” before the “achievement of a maximum return”. Long-term planning of investment activities means that a strategy can be followed that will keep the effective level of debt low and the timing of maturities staggered. This should also safeguard the continued independence of the Retail and Industry sector.

J.1.3. Insurance risk management

Insurance cover for the Retail and Industry sector is provided by the group’s own insurance and by contracts with private insurers and public law insurance institutions. Based on the actual risk situation, the potential damage and the criteria of likelihood of occurrence and extent of damage it is generally decided whether a risk is to be self financed, i.e. covered by the group’s own insurance or whether it is to be covered externally, i.e. passed on. The insurance department of the Federation of Migros Cooperatives acts as an “in-house insurance broker“ with insurance companies. Having group contracts means, firstly, that the insurance cover available is very comprehensive and extensive, and secondly that the amounts covered are high. This also ensures that all companies of the Retail and Industry sector have the best insurance cover available, at reasonable premiums.

To cover property risks (fire, storm and tempest, theft and burglary, water, EDP) the FMC operates an “internal insurance“ scheme, whereby it carries common risks itself, up to a certain total amount. Major risks and catastrophe risks are covered by a group policy. For all businesses that are part of the Retail and Industry sector, insurance cover exists for public liability and product liability risks under a basic and excess contract. Transportation risks for imports and exports are covered by an “own-insurance solution“. Potential major losses are covered by reinsurance. There is a group fleet insurance to cover mandatory third-party liability insurance and comprehensive risks. Separate policies are taken out for special risks such as new building/renovation work, machinery, exhibitions, etc., based on the actual risk involved and whether the risk is worth insuring.

J.1.4. Tax and VAT risk management

The management of tax risks is an integral part of tax planning. Tax risks are thus those uncertainties that could have negative effects for the company in the various types of taxation. In case of associated risks (tax legislation and tax practices), process risks (correct fiscal handling of different circumstances and transactions) as well as information risks (tax evaluation based on uncertain assumptions) risks are recorded, assessed and appropriate measures are taken, where necessary.

J.1.5. Risk management of legal cases

The annual risk assessment within the Retail and Industry sector has shown that the sector is not involved in any court or arbitration proceedings as plaintiff or defendant that could have a considerable negative effect on the economic situation. Also no administrative proceedings exist that could have a considerable adverse effect on the economic situation of the sector. Training in this subject is proactively carried out in order to avoid any legal conflicts.

Like all companies of a certain size, also the businesses of the Retail and Industry sector are confronted with third-party claims. Provisions have been set up for such claims – as far as allowed in accordance with the IFRS. The sector also enjoys extensive insurance cover, where this makes economic sense.

J.1.6 Internal Control System (ICS) in the Retail and Industry sector

The ICS in the Retail and Industry sector has a conceptual and uniform structure and affects the levels company – processes – IT. The decisive concept describes the technical and organisational nature of the ICS and is used by all businesses within this division. In compliance with the statutory regulations of Article 728a OR, the Retail and Industry sector has defined the goals to be fulfilled by the ICS as follows: reliable data quality and data consistency – reliable financial reporting – compliance with applicable laws and regulations – protection of assets – efficiency of operation. The aim is to achieve ICS level 3 (1 lowest level, 5 highest level) at which controls are defined, are in place, are documented and communicated to involved parties. Deviations from the standard are generally detected and corrected. The ICS is uniformly based on the COSO model and is risk focused. High and regularly occurring medium risks defined by a risk matrix (frequency of occurrence/extent of damage) are minimised by checks. The aim is to cover the following risks

in particular: Economic performance risks of the 5 to 7 most important business processes – personnel risks – IT and financial risks, as well as other relevant risks. The ICS can only to a limited extent cover risks specific to the company and sector as well as risks relating to corporate strategy. The Board of Directors has the overall responsibility for the ICS; the management is responsible for the operation and monitoring of the system. An ICS Manager has been appointed for each business, ensuring the operation of the system and reporting, at least once a year, of the existence and functioning of the ICS to the Management and the Board of Directors. By the end of 2008, the ICS project has been completed and transferred into its ongoing working process which include continuous improvements.

J.2. J.2. Risk management and Internal Control System (ICS) in the Financial Services sector

J.2.1. Risk management in general

Risk management is a key task for any bank. It includes the detection, assessment, control and monitoring of all risks arising from business activities. The Board of Directors is responsible for determining the risk policy. Periodically the policy will be checked for its appropriateness and will be adapted, where necessary. The risk policy deals with all risk categories in detail. A specific risk policy was formulated for credit risks, financial market risks, Asset & Liability Management (balance sheet structure risks), operational risks, as well as legal and compliance risks. The risk policy defines the risk assessment as well as the method of risk restriction. For each type of risk overall limits and specific competence levels are determined.

Because of their special business activities, banks have to comply with comprehensive regulatory regulations concerning risk management, as stipulated in particular in banking legislation and circulars of the Swiss Financial Market Supervisory Authority. Quantitative regulations refer in particular to minimum levels of equity capital, liquidity provisions and risk distribution.

The Management is responsible for setting up adequate systems for monitoring risk, controlling risk in line with targets and ensuring that performance targets are met. Risk management instruments are constantly improved and adapted.

Every quarter a comprehensive risk report is submitted to the Board of Directors, informing them about the developments of risks and the compliance with specific risk limits.

The Risk Management department headed by the Chief Risk Officer is responsible for the operational implementation and monitoring of the risk policy. The Chief Risk Officer is a member of the management team of the bank. The focus is on financial risk management and in particular credit risks, financial market risks as well as Asset & Liability Management.

Every month the Risk Management department produces a comprehensive Risk Report for each of these risk categories and submits this report to the Risk Council and the Board of Directors. The Risk Report verifies that risk limits have been complied with, illustrates the different dimensions and aspects of the risk management and points out particular developments. The Risk Council discusses and assesses the current risk position of the bank and decides on measures reducing risk.

J.2.2. Financial risk management

As a result of its operational business activities the Financial Services sector is confronted with financial risks arising from changes to the credit, liquidity and financial market risks.

The Financial Services sector has always pursued a restrained and somewhat conservative risk policy. The management of risk is regarded as a central core competence. Safety and the assessment of risks are of utmost importance for its activities and forms the basis for the risk strategy, risk culture and risk processes. Risks are in appropriate proportion to generated income. The paramount objective is to limit risk with the aid of risk-policy guidelines and limit structures in order to protect the bank against unexpected burdens.

The credit and counterparty risk in the Financial Services sector is that a party defaults on its obligations. Traditional bank products such as mortgages as well as trading activities present credit risks. A customer defaulting on his obligations may result in a loss for the bank. Detailed rules determine the competences graded by credit types and levels of authority.

The Financial Services sector uses a rating model with ten levels for credit-rating decisions. The model takes into consideration quality and quantity characteristics of customers required to keep accounts and their business-related securities. In corporate banking, ratings of commercial loans are checked annually. A rating procedure based on the respective mortgage is used for the mortgage business. The period after which credit checks are carried out in the mortgage business varies depending on the rating result, the personal contribution and cover. The rating model en-

sure that the personal contribution is managed in line with the risk of the credit transaction.

Credit transactions are in general secured. Most loans are secured by charges on land. Loans are based on conservative loan margins. For more than 90% of all mortgages the ratio of loan to market value (conservative valuations) is under 75%. Loans are only issued after current valuations for the real estate have been obtained. Most of the respective cover originates from private residential housing and is well diversified throughout Switzerland. In order to determine the sustained affordability, a technical interest rate corresponding to a long-term average interest rate is assumed for residential mortgages.

The liquidity risk contains on one hand the market liquidity risk and, on the other hand, the refinancing risk. The short-term liquidity and refinancing situation is controlled daily by central money trading. Compliance with the statutory bank criteria for short- and medium-term liquidity is in particular ensured. Medium- and long-term liquidity risks are monitored and controlled during monthly meetings of the Risk Council.

Financial market risks in the Financial Services sector mainly refers to the danger and uncertainties of price fluctuations including changes in interest rate.

In the traditional core business - the mortgage business - representing a considerable amount in the balance sheet, interest changes can have a major influence on the results. A special software is used for the central measuring, control and monitoring of interest changes in the bank ledger. In addition, effects on the balance sheet structure, value and income are determined and compared on a monthly basis. The Financial Services sector mainly uses interest rate swaps as hedging instruments against its risk exposure based on expected interest rates.

A special software is used for systematic measuring, control and monitoring of market risks in the trading ledger. A limit structure limits the risk exposure which is assessed using the "Mark to Market" measuring method. The risk exposure is produced from time to time and earnings with profit and loss figures are recorded daily and communicated to the responsible competence parties.

J.2.3. Management of legal and compliance risks

Legal and compliance risks refer to risks resulting from the legal and regulatory business environment. Predominantly these are liability and default risks,

regulatory risks and behavioural risks. The department Legal Services & Compliance, reporting directly to the Chief Risk Officer, is responsible for managing the risks.

Compliance risks are legal, reputation and loss risks resulting from an infringement of legal standards and ethics. The Compliance Officer ensures that the business activities comply with applicable regulations and the due diligence of a financial intermediary. He is responsible for checking the requirements and developments on the part of the legislator, supervisory authorities and other organisations and shall ensure that instructions are changed in line with regulatory changes and are also complied with. A special IT application is used for monitoring and complying with money laundering regulations. The application identifies unusual inflows and outflows of assets as well as deviations from customer's transaction patterns and forwards these to the responsible persons for processing. Responsibilities and measures for complying with the Obligation of Due Diligence of Banks (VSB) have

been clearly defined. The implementation is continuously monitored by the Legal Services & Compliance department.

In order to prevent legal risks in transactions with customers and business partners, standardised contractual documents are used, where possible. The preventative tasks of the Legal Services & Compliance department therefore also include the legal assessment of new products and contracts.

The Legal Services & Compliance department is also responsible for recording, processing and monitoring all pending legal cases. Where necessary, specialists of the Legal Services of the Federation of Migros Cooperatives or external legal advisors are consulted.

The Legal Services and Compliance department submits a quarterly extensive report about pending or impending legal disputes and any regulatory infringements to the Risk Council. Where it is deemed necessary, respective provisions are made for such legal cases.

J.2.4. Internal Control System (ICS) in the Financial Services sector

The basic features of the Internal Control System (ICS) of Migros Bank comply with the respective regulatory regulations of the circular “Monitoring and Internal Control” published by the Swiss Financial Market Supervisory Authority.

The ICS consequently contains all control structures and control processes forming the basis for achieving business policy goals at all levels of the bank and that result in a correct banking operation. In addition to retrospective control activities, internal control also contains planning and steering activities. An effective internal control also includes control activities integrated in work processes, processes for managing risk and the compliance with applicable standards (Compliance), a risk control that is independent from the risk management as well as the Compliance function. The internal control is monitored and evaluated by internal auditors thus contributing to its continuous improvement.

The actual implementation of the circular “Monitoring and Internal Control” is regulated in general instructions issued by the bank. The bank passes on the responsibility for monitoring the processes and implementing adequate control measures to the Process and IT Security department, reporting directly to the Chief Risk Officer.

All control measures and rules of conduct apply as binding instructions for the entire bank and are also made available to respective staff and management personnel on the Intranet. These ICS instructions include, in particular, the criteria control object, purpose, periodicity, responsible parties, tools, procedures, extent of control, duty of documentation and preservation of documents. Carried out checks have to be signed, initialled and contain control notes to become valid and thus traceable. ICS Officers are appointed in the local organizational units, who report each quarter that the material and formal implementation of the controls has taken place.

K. Statement of value added

STATEMENT OF VALUE ADDED <i>Unaudited</i>	RETAIL AND INDUSTRY SECTOR	
	2008 CHF MILLION	2007 CHF MILLION
NET VALUE ADDED	6,617.5	6,311.5
ALLOCATION		
to employees	4,746.5	4,510.4
to culture / social (culture percentage)	119.7	127.3
to lenders	126.9	106.0
to public sector	980.4	846.2
- taxes	158.0	137.0
- value-added taxes	172.3	151.2
- customs duties/fees/fiscal charges	650.1	558.0
to the company (self-financing)	644.0	721.6
NET VALUE ADDED	6,617.5	6,311.5

The **statement of value added of the Migros Group** in the Retail and Industry sector indicates the added value created for the society by the group. The aim of the group is to create a sustainable value added by striving for a future-orientated management of available resources that will safeguard the future of the business, secure jobs and guarantee public-sector contributions.

Staff costs account for the lion's share of value added with 71.7 per cent (previous year 71.5 per cent). In absolute terms, personnel costs were increased compared to the previous year, due to an individual and performance-related wage increase of 1.5 to 2.5 per cent and a slight increase in the number of employees, mainly due to the acquisition of Denner, whose staff costs included in the income statement of the Migros Group in the previous year only reflected one quarter of the year but which, at the same time, also produced additional sales and respective value-added effects.

Contributions to the "**Migros Culture Percentage**", voluntary sponsorship by Migros for Culture,

Society, Education, Leisure and Economy projects total around 1.8 per cent (previous year 2.0 per cent) of the value added, offering a wider section of the population access to cultural and social benefits.

Lenders receive 1.9 per cent (previous year 1.7 per cent) in form of interest. The **public sector** receives 14.8 per cent (previous year 13.4 per cent) as a result of charges for taxes, customs duties and fees. The increase in public sector allocation is due to increased sales of CHF 24.7 billion and the consideration of deferred income tax on accrual.

The group secures its **going concern** and guarantees **innovation** by consistently orientating the value-added chain to dynamic market trends. Maintaining an adequate profit, securing jobs and passing on performances to customers at fair conditions all serve to achieve this goal.

Joerg Zulauf
Finance Department

MIGROS GROUP FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

	2008 CHF MILLION	2007 CHF MILLION
Net revenue from goods and services sold	24,449.5	21,341.1
Other operating income	282.5	364.1
INCOME BEFORE FINANCIAL SERVICES BUSINESS	24,732.0	21,705.2
Interest and commission income and (net) gains on financial instruments of the financial services business	1 017.8	991.3
TOTAL INCOME	25,749.8	22,696.5
Cost of goods and services sold	15,414.8	12,907.0
Interest and commission expense and valuation allowances of the financial services business	509.6	446.2
Personnel expenses	4,901.4	4,653.4
Depreciation and amortisation	983.9	975.2
Other operating expenses	2,827.2	2,671.6
OPERATING PROFIT	1,112.9	1,043.1
Finance income	-73.0	65.3
Finance cost	-132.5	-107.8
Share of (loss)/profit from associates and joint ventures	2.5	-3.4
PROFIT BEFORE INCOME TAX	909.9	997.2
Income tax expense	209.2	196.3
PROFIT FROM CONTINUING OPERATIONS	700.7	800.9
Profit/(loss) from discontinued operations	-	-
GROUP PROFIT	700.7	800.9
ATTRIBUTION OF GROUP PROFIT		
Profit attributable to members of the cooperatives	701.3	799.2
Profit/(loss) attributable to minority interests	-0.6	1.7
GROUP PROFIT	700.7	800.9

GROUP BALANCE SHEET

	31.12.2008 CHF MILLION	31.12.2007 CHF MILLION
ASSETS		
Cash and cash equivalents	3,148.8	2,834.9
Receivables due from banks	91.3	391.1
Mortgages and customer receivables	26,476.9	24,889.5
Trade receivables	560.3	596.6
Other receivables	345.5	327.7
Inventories	2,093.7	2,041.1
Other financial assets	3,022.4	3,323.0
Investment in associates and joint ventures	101.7	99.6
Investment property	327.3	305.3
Tangible assets	10,887.5	10,333.5
Intangible assets	1,190.9	1,072.9
Assets from employee benefits	292.7	256.8
Current income tax receivables	6.8	5.0
Deferred income tax assets	30.6	40.8
Other assets	163.6	208.5
	48,740.0	46,726.3
Non-current assets held for sale	6.8	5.8
TOTAL ASSETS	48,746.8	46,732.1
LIABILITIES AND EQUITY		
<i>Liabilities</i>		
Payables due to banks	1,257.4	1,439.3
Customer deposits and liabilities	21,114.0	19,391.6
Other financial liabilities	2,224.2	2,132.6
Trade payables	1,677.0	1,703.2
Other liabilities	1,041.5	1,058.7
Provisions	120.4	98.9
Issued debt instruments	7,030.8	7,340.8
Liabilities from employee benefits	546.7	516.2
Current income tax payables	109.7	83.9
Deferred income tax liabilities	1,366.7	1,327.8
Liabilities relating to non-current assets held for sale	–	–
TOTAL LIABILITIES	36,488.4	35,093.0
<i>Equity</i>		
Cooperative capital	20.6	20.3
Retained earnings	12,310.6	11,609.5
Currency translation difference	-22.9	11.7
Other reserves	-69.6	-16.9
EQUITY ATTRIBUTABLE TO MEMBERS	12,238.7	11,624.6
Minority interests	19.7	14.5
TOTAL EQUITY	12,258.4	11,639.1
TOTAL LIABILITIES AND EQUITY	48,746.8	46,732.1

STATEMENT OF CHANGES IN GROUP EQUITY

2007 CHF MILLION	Attributable to members of the cooperatives					Equity of the cooperative members	Minority inter- ests	Total
	Coopera- tive capital	Retained earnings ¹	Currency translation difference	Other reserves				
EQUITY AS PER 01.01.2007	20.0	10,810.6	6.4	7.0		10,844.0	13.4	10,857.4
Fair value adjustments of financial instruments				-23.9		-23.9	—	-23.9
Currency translation difference		-0.3	5.3			5.0	—	5.0
NET INCOME RECOGNISED DIRECTLY IN EQUITY		-0.3	5.3	-23.9		-18.9	—	-18.9
Group profit		799.2				799.2	1.7	800.9
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD		798.9	5.3	-23.9		780.3	1.7	782.0
OTHER CHANGES OF EQUITY								
Change in cooperative capital	0.3					0.3	—	0.3
Dividends to minority interests						—	-0.6	-0.6
Changes in minority interests						—	—	—
TOTAL OF ALL OTHER CHANGES IN EQUITY	0.3					0.3	-0.6	-0.3
EQUITY AS PER 31.12.2007	20.3	11,609.5	11.7	-16.9		11,624.6	14.5	11,639.1

¹ An amount of CHF 2.5 millions is reserved in retained earnings for the Culture percentage.

2008 CHF MILLION	Attributable to members of the cooperatives					Equity of the cooperative members	Minority interests	Total
	Cooperative capital	Retained earnings ¹	Currency translation difference	Other reserves				
EQUITY AS PER 01.01.2008	20.3	11,609.5	11.7	-16.9		11,624.6	14.5	11,639.1
Fair value adjustments of financial instruments				-52.7		-52.7	—	-52.7
Currency translation difference		—	-34.6			-34.6	—	-34.6
NET INCOME RECOGNISED DIRECTLY IN EQUITY		—	-34.6	-52.7		-87.3	—	-87.3
Group profit		701.3				701.3	-0.6	700.7
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD		701.3	-34.6	-52.7		614.0	-0.6	613.4
OTHER CHANGES OF EQUITY								
Change in cooperative capital	0.3					0.3	—	0.3
Dividends to minority interests						—	-0.9	-0.9
Changes in minority interests		-0.2				-0.2	6.7	6.5
TOTAL OF ALL OTHER CHANGES IN EQUITY	0.3	-0.2				0.1	5.8	5.9
EQUITY AS PER 31.12.2008	20.6	12,310.6	-22.9	-69.6		12,238.7	19.7	12,258.4

¹ An amount of CHF 2.5 millions is reserved in retained earnings for the Culture percentage.

GROUP CASH FLOW STATEMENT

	31.12.2008 CHF MILLION	31.12.2007 CHF MILLION
PROFIT BEFORE INCOME TAX	909.9	997.2
Depreciation, amortisation and impairment (net)	983.9	975.2
Impairment of financial assets (net)	44.2	12.2
(Profit)/ loss from sale of tangible assets	-18.2	-94.5
(Profit)/ loss from sale of financial assets	43.9	8.9
Profit from associates and joint ventures	-2.5	3.4
Change to provisions	22.1	11.1
Change to operating assets and liabilities		
(Increase)/decrease receivables due from banks	298.4	-132.7
(Increase)/decrease mortgages and customer receivables	-1,587.4	-1,217.2
(Increase)/decrease inventories	-46.6	-67.8
(Increase)/decrease financial assets	381.5	389.6
(Increase)/decrease other assets	-21.9	-18.6
Increase/(decrease) payables due to banks	-176.3	486.2
Increase/(decrease) customer deposits and liabilities	1,722.4	101.3
Increase/(decrease) other liabilities	48.9	-55.9
Paid income tax expense	-130.8	-130.7
CASH FLOWS FROM OPERATING ACTIVITY	2,471.5	1,267.7
Acquisition of tangible assets and investment property	-1,586.8	-1,395.1
Proceeds from sale of tangible assets and investment property	104.1	218.2
Acquisition of intangible assets	-87.1	-26.9
Proceeds from sale of intangible assets	0.1	2.4
Acquisition of financial assets	-559.7	-790.7
Proceeds from the sale of financial assets	397.9	959.3
Acquisition of subsidiaries and business activities, net of cash acquired	-30.3	-635.2
Proceeds from sale of subsidiaries and business activities, net of cash disposed	-	51.2
Acquisition of associates	-0.2	-60.5
Proceeds from sale of associates	0.3	-
CASH FLOWS FROM INVESTING ACTIVITY	-1,761.7	-1,677.3

(CONTINUED)	31.12.2008 CHF MILLION	31.12.2007 CHF MILLION
Proceeds from issuance of long-term bonds	—	599.4
Repayment and redemption of long-term bonds	-600.0	-250.0
Proceeds from issuance of medium-term bonds and mortgage backed loans	362.4	516.3
Repayment of medium-term bonds and mortgage backed loans	-74.9	-59.9
Proceeds from issuance of other financial liabilities	1,123.3	1,131.9
Repayment of other financial liabilities	-1,181.3	-1,107.9
Dividends paid to minority interests	-0.9	-0.6
Increase in cooperative capital	0.6	0.5
Reduction in cooperative capital	-0.3	-0.2
CASH FLOWS FROM FINANCING ACTIVITY	-371.1	829.5
CHANGES IN CASH AND CASH EQUIVALENTS	338.7	419.9
Cash and cash equivalents, at beginning of year	2,834.9	2,412.2
Foreign exchange differences	-24.8	2.8
CASH AND CASH EQUIVALENTS, AT END OF YEAR	3,148.8	2,834.9
CASH AND CASH EQUIVALENTS INCLUDE:		
Petty cash/postal accounts/bank accounts	2,166.5	1,465.6
Fixed-term deposits with an original maximum maturity of 90 days	982.3	1,369.3
TOTAL CASH AND CASH EQUIVALENTS	3,148.8	2,834.9
CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:		
Interest received	922.7	917.8
Interest paid	-595.5	-538.0
Dividends received	6.8	9.7

GLOSSARY OF TECHNICAL TERMS

AGIO/DISAGIO (of financial instruments) – Agio is a premium and disagio – opposite of agio – a discount on the nominal value of a financial instrument. Agios and disagios are typically used in the context of issuing shares, bonds and loans. An agio could, for instance, be applied during the issuing of a bond, where an interest rate is offered that exceeds average yields usual for similar bonds traded on the capital market at the time.

AMORTISATION FACTOR (retail and industry sector) – Ratio of net borrowing to EBITDA. Measure of the ability to settle net financial debt from the EBITDA.

AVERAGE NUMBER OF FULL-TIME POSITIONS – Average of full-time positions at the end of the previous year and at the balance sheet date.

CAPITAL RISK MANAGEMENT – The aim of capital risk management is an active and goal-directed management of equity capital in order to maintain good ratings and sound capital ratios. In the financial services business, the capital risk management is based on the bank's equity capital regulations and in retail and industry sector on the requirements of the rating agencies and lending banks.

CASH FLOW (cash flow from operating activity) – Profit before income tax, depreciation and impairments, plus expenditure not affecting liquidity, less income not affecting liquidity and changes in operating assets and liabilities.

CASH SALES OF COOPERATIVES – Cash sales (including VAT) of the sales Cooperatives in the business sectors supermarkets/hypermarkets, specialist markets and restaurants.

COST-INCOME RATIO – The Cost-Income ratio is the most important ratio for measuring the efficiency of banks. In order to calculate the Cost-Income ratio, a bank's operating costs (staff costs plus Other operating costs) are compared to its net operating income (income from financial services business less cost of financial services) for the respective financial year.

EBIT (Earnings before interest and taxes) – Earnings before financial profit and income tax.

EBITDA (Earnings before interest, tax, depreciation and amortization) – Earnings before finance income and cost, income tax, depreciation on tangible assets, amortisation on intangible assets and investment property.

FAIR VALUE – Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The terms Fair Value and market value are used synonymously.

FINANCIAL RISK MANAGEMENT – Financial risk management covers all measures relating to monitoring, measuring, minimizing and securing financial risks the Migros group has entered into as part of its business activities.

FREE CASH FLOW (retail and industry sector) – Cash flow from operating and investing activities. Measure of flexibility for the retail and industry sector; the higher the Free Cash flow, the more room is available to the management for financial decisions.

INCOME (sales) – The income (sales) of the Migros group consists of Net revenue from goods and services sold, Other operating income and Income from financial services business with third parties.

The terms income and sales are used synonymously.

INCOME FROM FINANCIAL SERVICES BUSINESS – Income from financial services business consists of income from interest and commission and (net) gains on financial instruments of the financial services business.

INVESTMENTS – New and replacement investments in tangible, intangible assets and investment property.

KEY MANAGEMENT PERSONNEL – Key management personnel are those persons having authority and responsibility for planning, directing, controlling the activities of the Migros Group, directly or indirectly. The key management personnel of the Migros group include the Board of Directors of the Federation of Migros Cooperatives, the Managing Directors of the Cooperatives and the Executive Board of the Federation of Migros Cooperatives.

NET BORROWING (retail and industry sector) – Total of interest-bearing liabilities less liquid assets, receivables and short-term realizable securities.

NET REVENUES FROM GOODS AND SERVICES SOLD – Net revenues from goods and services sold (excl. VAT) are revenues generated by the Migros group from its core business.

NOA (Net Operating Assets) (retail and industry sector) – Key figure for operating assets consisting of inventories, investment property, tangible assets, intangible assets as well as trade receivables and trade payables.

OTHER OPERATING INCOME – Other operating income is income from regular side-line business, i.e. income generated in indirect connection with the core business.

PROJECTED UNIT CREDIT METHOD – The Projected Unit Credit Method is used for determining the cash value of a benefit-orientated pension obligation. The method is based on an additional part of the final benefit claim being earned during each year of service and it values each of these benefit modules separately, in order to calculate the final obligation. The valuation of the benefit modules is based on actuarial assumptions (development of salaries and pensions, discounting rate, life expectancy, etc.), to allow best possible estimation of the actual costs after termination of employment.

RETAIL SALES OF COOPERATIVES – Net sales revenue (excluding VAT) realised with third parties, related parties and consolidated companies. Shows sales generated from retailing, wholesaling, catering, leisure, Club Schools, other.

SENSITIVITY ANALYSIS – The sensitivity analysis of the financial risk management provides information about the sensitivity of a result to changes in assumptions (e.g. interest rate, exchange rates).

WORKFORCE – Number of employees on the reporting date.

ADDRESSES

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MIGROS COOPERATIVES

Each Cooperative publishes its own annual report, which can be obtained from the addresses below.

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Management: Beat Zahnd

Cooperative Council (President):

Rolando Santini

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Management: Werner Krättli

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Management: Guy Vibourel

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Management: Fabrice Zumbrunnen

Cooperative Council (President):

Nathalie Ellrath [www.migros.ch/FR/](http://www.migros.ch/FR/Regions/Neuchatel_Fribourg)

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Andres Gut († 12.12.2008)

Management: Christian Biland

Cooperative Council (President):

Josef Cajochen-Forst

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GRI INDEX

The reporting of the Migros covering the annual report and sustainability report discloses the economic, ecological and social performances. The reports hold true to the principles of the Global Reporting Initiative GRI (Version G3). The GRI is a multi-stakeholder dialogue and develops generally recognized guidelines for presenting the performance in the field of sustainable development.

The present document is also regarded as a progress report as defined in the Global Compact. This UN initiative comprises ten principles that are based on universally recognized values of good corporate guidance. The principles of Global Compact can be found on page 15 of the sustainability report or on the Internet: www.globalcompact.org.



GRI application level The GRI certifies that the report is in accordance with the GRI standards at level B. The requirements for this were:

a) in the “Strategy and Profile” section, the answering of all indicators (indicators 1.1 to 4.17);

b) in the “Performance Indicators” section, data on the management approach for each category (economy, ecology, working practice, human rights, society, product responsibility) and

c) the reporting on a total of at least 20 indicators (minimum one per category).

More information on the application levels is to be found on the GRI website.

The complete indicators as well as further information on the application levels can be found on www.globalreporting.org.

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- Partly reported
- Not reported
- Not relevant
- EC Core indicator
- EC Supplemental indicator
- GC Directly relevant
Global Compact principle
- (GC) Indirectly relevant
Global Compact principle
- AR Page Annual Report
- SR Page Sustainability Report
- www Additional information about
this indicator can be found in
the online GRI index at
www.migros.ch:
Über die Migros >
Nachhaltigkeit >
Publikationen >
English documents

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