

INDEX

Number in brackets indicates report ranking. Vs. refers to reports compared in Industry benchmarking. Companies not ranked or referred to in other sections of this survey are not indexed. Best picks are ranged in alphabetical order in their section.

COMPANY INDEX

3 I (106) **ABB** (175) **ABBOTT Laboratories** (148) **ABN AMRO** (164) **ACCENTURE** (123) **ACCOR** (65) **ADIDAS-SALOMON** (13. Vs. Nike) **AEGON** (39) **AIG (American International Group)** (52) **AKZO NOBEL** (112) **ALCOA** (21) **ALLERGAN** (150) **ALLIANZ** (195. Vs. Axa) **ALTRIA** (193) **AMGEN** (157) **ANA (All Nippon Airways)** (197) **ANHEUSER-BUSCH** (66) **ARAMARK** (194) **ASTRAZENECA** (176) **ATLAS COPCO** (27) **AUDI** (160) **BARCLAYS** (29) **BARLOWORLD** (71) **BASF** (151) **BAUSCH & LOMB** (138) **BAXTER** (166) **BAYER** (42) **BCE (Bell Canada Enterprises)** (95) **BEKAERT** (31) **BHP BILLITON** (109) **BMO (Bank of Montreal)** (17) **BNP PARIBAS** (110) **BOEING** (54. Vs. EADS) **BOUYGUES** (145) **BP** (111) **BT (British Telecom)** (158. Vs. Deutsche Telekom, France Telecom) **BUHRMANN** (139) **CANON** (174) **CAPITAL ONE** (77) **CARLSBERG** (142) **CARLTON Communications** (88) **CARREFOUR** (78) **CASCADES** (28) **CATERPILLAR** (68) **CHARLES SCHWAB** (3) **CIBA Specialty Chemicals** (59) **CIBC (Canadian Imperial Bank of Commerce)** (89) **CITIGROUP** (60) **CLARIANT** (196) **CLP** (33) **COLGATE-PALMOLIVE** (97) **CONOCOPHILLIPS** (44) **DAIMLERCHRYSLER** (92. Vs. Ford, Toyota, Volkswagen) **DAIWA HOUSE** (115) **DANISCO** (83) **DANONE** (7. Vs. Sara Lee, Nestlé) **DBS** (159) **DELHAIZE** (163) **DEUTSCHE BANK** (119) **DEUTSCHE POST** (74. Vs. Fedex, TPG) **DEUTSCHE TELEKOM** (135. Vs. BT, France Telecom) **DOW Chemical** (79) **DSM** (72) **EADS** (143. Vs. Boeing) **ELECTROLUX** (2) **EMI** (132) **ENTERGY** (50) **ERICSSON** (48) **ERSTE BANK** (120) **ESPRIT** (153. Vs. Hugo Boss, Ralph Lauren, Gucci) **FEDEX** (100. Vs. Deutsche Post, TPG) **FORD MOTOR** (129. Vs. DaimlerChrysler, Toyota, Volkswagen) **FORTUM** (103) **FOSTER'S** (40) **FRANCE TELECOM** (162. Vs. BT, Deutsche Telekom) **FRESENIUS** (173) **GENERAL ELECTRIC** (96) **GENERAL MILLS** (102) **GFK** (61) **GUS** (128) **HARLEY-DAVIDSON** (15) **HEIDELBERG** (98) **HEINEKEN** (185) **HENKEL** (80) **HOLMEN** (36) **HONDA MOTOR** (81) **HSBC** (126) **HUGO BOSS** (127. Vs. Esprit, Ralph Lauren, Gucci) **HVB (Hypovereinsbank)** (178) **IBM** (118) **INCEPTA** (136) **INFINEON Technologies** (12) **INFOSYS Technologies** (133) **ING** (93) **INTERBREW** (165) **IOI** (49) **ISS** (85) **JENOPTIK** (51) **JM** (86) **JOHNSON & JOHNSON** (43) **JOHNSON MATTHEY** (117) **KARSTADT QUELLE** (181) **KINGFISHER** (53) **KLM** (169) **KNIGHT RIDDER** (24) **KONE** (104) **L'OREAL** (147) **LIMITED BRANDS** (131) **LINDE** (137) **LUFTHANSA** (179) **M-REAL** (63) **MAN** (152) **MANPOWER** (146) **MASCO** (116) **MATSUSHITA ELECTRIC** (130) **MERCK KGaA** (45) **MERRILL LYNCH** (200) **METRO** (191) **MITSUBISHI** (149) **MOLEX** (125) **MUNICH RE** (180) **MYLAN Laboratories** (47) **NESTLE** (114. Vs. Sara Lee, Danone) **NIKE** (168. Vs. Adidas-Salomon) **NORDEA** (38) **NORSKE SKOG** (6) **NOVARTIS** (5) **NOVO NORDISK** (16) **NOVOZYMES** (62) **PEARSON** (14) **PEPSICO** (32) **PFIZER** (46) **PHILIPS** (8. Vs. Sony, Siemens) **POLO RALPH LAUREN** (140. Vs. Hugo Boss, Esprit, Gucci) **PORSCHE** (55) **PROCTER & GAMBLE** (84. Vs. Unilever) **PSA PEUGEOT CITROEN** (124) **QUALCOMM** (67) **RANDSTAD** (182) **RECKITT BENCKISER** (82) **REED ELSEVIER** (94) **RENAULT** (107) **REXAM** (101) **RLI** (64) **ROCHE** (183) **ROYAL & SUN ALLIANCE** (186) **ROYAL BANK OF CANADA** (10) **ROYAL DUTCH PETROLEUM (SHELL)** (25) **RWE** (26) **SANLAM** (184) **SANOFI-SYNTHELABO** (69) **SAP** (177) **SAPPI** (56) **SARA LEE** (20. Vs. Danone, Nestlé) **SAS** (4) **SCA** (1) **SCANIA** (134) **SCHERING** (73) **SEB (Skandinaviska Enskilda Banken)** (87) **SIEBEL Systems** (90) **SIEMENS** (189. Vs. Philips, Sony) **SINGAPORE AIRLINES** (58) **SIX CONTINENTS** (70) **SKANDIA** (113) **SKANSKA** (105) **SKF** (91) **SMBC (Sumitomo Mitsui Banking)** (199) **SNAP-ON** (75) **SONY** (23. Vs. Philips, Siemens) **ST ENGG** (187) **STARBUCKS** (190) **STORA ENSO** (11) **SVENSKA HANDELSBANKEN** (192) **SYNGENTA** (170) **T-ONLINE** (188) **TEIJIN** (41) **TELSTRA** (156) **TELUS** (18) **TESCO** (108) **THYSSENKRUPP** (19) **TOTAL** (144) **TOYOTA MOTOR** (57. Vs. Ford, DaimlerChrysler, Volkswagen) **TPG** (30. Vs. Fedex, Deutsche Post) **TUI** (155) **UBS** (35) **UNILEVER** (22. Vs. Procter & Gamble) **UNITED OVERSEAS BANK** (171) **UPM-KYMMENE** (37) **UPS** (172) **VEDIOR** (122) **VESTAS Wind Systems** (161) **VNU** (99) **VOLKSWAGEN** (76. Vs. Ford, DaimlerChrysler, Toyota) **VOLVO** (9) **WALT DISNEY** (141) **WEYERHAEUSER** (154) **WOLFORD** (198) **WPP** (34) **WYETH** (167) **YAMAHA MOTOR** (121)

WORDY INDEX

(Words or topics as referred to in the Company reporting chapter: A-Z report card)

Accountable - Addressing - Adjusting - Affecting results - Audited - Before - BEIA - Biographies - Clarity - Conflict of interest - Critically selective - Cutaway - Debt profile - Disconnected - Figures booklet - Form 10-K - Form 20-F - Governance Bild - Health - Imagination - International sales - Lack of power - Long-term value - Major customers - Material interest - Missing picture - Money for nothing - One segment - Open dialogue - Operating performance - Permission denied - Post-Enron - Reconciled - Reputation - Return - Reward - Right thing - Security - Shareholder value - Short-termism - Social responsibility - Think local - Unsegmented - Vorstand - Wiener Schnitzel

ANNUAL REPORTS

THE GLOBAL TOP 200

RANK RANK COMPANY COUNTRY REPORT CHANGE IN A NUTSHELL
2003 2002 RATING

RANK 2003	RANK 2002	COMPANY	COUNTRY	REPORT RATING	CHANGE	IN A NUTSHELL
1	3	SCA	Sweden	A+	^	Typifies the qualities of the best Swedish reports: operative.
2	2	ELECTROLUX	Sweden	A+	>	" " " " " " (see N°1): stated.
3	N/R	CHARLES SCHWAB	U.S.	A+	⬆	Straightforward, fair, investor-driven. And packed with great class.
4	7	SAS	Sweden	A	^	Should losing out mean losing touch? No, here's a flying report model for airlines.
5	14	NOVARTIS	Switzerland	A	^	A level of transparency unmatched by many, also on governance and citizenship.
6	9	NORSKE SKOG	Norway	A	^	A magazine cover and rich data inside. Not a print run-of-the-mill.
7	10	DANONE	France	A	^	Most thorough highlights made tasty. For tasters too.
8	12	PHILIPS	Netherlands	A	^	Two-step two-document operating and financial review is a -high- standard.
9	5	VOLVO	Sweden	A	v	" " " " " " (see N°1): robust -now restyled.
10	28	ROYAL BANK OF CANADA	Canada	A	^	Musical chairs (see N°17): still top-tier on results, history and strategy.
11	19	STORA ENSO	Finland	A	^	"Substantiated FT-looking paper, especially for shareholder info," writes panelist.
12	13	INFINEON Technologies	Germany	A-	^	Reporting strong in a weak context, with -almost- infinite care.
13	6	ADIDAS-SALOMON	Germany	A-	v	Ranked N°184 in 2000. A long-distance runner and charter with objectives shown.
14	18	PEARSON	UK	A-	^	Cash conversion, working capital(sales), Marjorie et al. "provide more" than UK average.
15	N/R	HARLEY-DAVIDSON	U.S.	A-	⬆	Hell-bent. Pics and great market charts pave the way for easy (report) riders.
16	24	NOVO NORDISK	Denmark	A-	^	Diabetes care leader has proved good in nurturing. Now its covers keep on improving.
17	1	BMO (Bank of Montreal)	Canada	A-	v	Musical chairs: Last year's N°1 outstripped by close rival. Still a yardstick though.
18	N/R	TELUS	Canada	A-	⬆	"Clear objectives, and a real intent to communicate and inform," says panelist.
19	53	THYSSENKRUPP	Germany	A-	⬆	Steely? By all means. Open and symmetric, but too heavy.
20	17	SARA LEE	U.S.	A-	v	Wonderbra maker pioneered CFO's statements long before Sarbanes-Oxley padding.
21	8	ALCOA	U.S.	A-	v	Still does it clean after O'Neill. New polish expected, though.
22	162	UNILEVER	Netherlands-UK	A-	⬆	Q: How to make a 20-F (more) communicative and go beyond compliance? An A's here.
23	32	SONY	Japan	A-	^	Improved on stock, straightforwardness, strategy.
24	11	KNIGHT RIDDER	U.S.	A-	v	A who's who and what's on much ahead of churned-out U.S. annuals.
25	80	ROYAL DUTCH PETROLEUM (SHELL)	Netherlands-UK	B+	⬆	Measuring environmental performance more effectively than displaying financials.
26	35	RWE	Germany	B+	^	Structured, smart, substantiated, strategic. Supervised (we mean governance)? Less.
27	44	ATLAS COPCO	Sweden	B+	^	A drill for putting financials first. Not renewed but still effective.
28	26	CASCADES	Canada	B+	v	Paper in style.
29	31	BARCLAYS	UK	B+	^	Chief Exec. formerly at BMO (N°17). And it shows. Design doesn't serve.
30	115	TPG	Netherlands	B+	⬆	A good blend of strong visuals that sustain a theme and support sound contents.
31	66	BEKAERT	Belgium	B+	⬆	The Belgian metal group uses clever wiring (key figures, tables, charts) to enlighten.
32	N/R	PEPSICO	U.S.	B+	⬆	A piece of cake -and feat- for chart crunchers, also in statements and... notes.
33	49	CLP	Hong Kong	B+	^	Far ahead of many utilities (state-owned or listed) as regards transparency.
34	85	WPP	UK	B+	⬆	Fast read section, governance details and refined sketches as plus points.
35	30	UBS	Switzerland	B+	v	Hefty: 418 pages over 3 reports! Info is (very) good but not always within reach.
36	40	HOLMEN	Sweden	B+	^	"Active and informative, but not that creative," reports specialist.
37	75	UPM-KYMMENE	Finland	B+	⬆	Reporting on price, quality, grade and production capacities of papers among strengths.
38	100	NORDEA	Sweden	B+	⬆	Clear lending analysis, including telecom, shipping... and fisheries exposure.
39	22	AEGON	Netherlands	B+	v	Still a yardstick on -charted- historical figures. In a more hybrid, less vivid style.
40	57	FOSTER'S	Australia	B+	^	More than "one bourbon, one scotch, one beer". Value-driven. Go down for other tastes.
41	N/R	TEIJIN	Japan	B+	⬆	Strong R&D and brand insights.
42	37	BAYER	Germany	B+	v	A ratio-driven management report and exhaustive segment data remain key strengths.
43	N/R	JOHNSON & JOHNSON	U.S.	B+	⬆	Neither positively radiant nor simply stuffy, but clean and clear @.
44	N/R	CONOCOPHILLIPS	U.S.	B+	⬆	Where are other U.S. oil bigwigs' reports? In the desert, and for years.
45	81	MERCK KGaA	Germany	B+	⬆	Self-medication: start from the chart route in footer and then read up.
46	48	PFIZER	U.S.	B+	^	Prescription: set out a summary of cash flows as clear as this also in digestion period.
47	N/R	MYLAN Laboratories	U.S.	B+	⬆	A report that tells about evolution -and shows.
48	55	ERICSSON	Sweden	B+	^	How to take a bold view despite a tough year? Ericsson makes another gutsy attempt.
49	107	IOI	Malaysia	B+	⬆	Yes, a master in financial highlights lies in Malaysia.
50	16	ENTERGY	U.S.	B+	v	Stands up but doesn't stand out -as a report.

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51	77	JENOPTIK	Germany	B+	⬆	Improved style hasn't diluted substance. Packed CEO's goodbye letter in an envelope.
52	N/R	AIG (American International Group)	U.S.	B+	⬆	Stands among the rare exemplary reporting efforts in the post-Enron era. Too rare.
53	60	KINGFISHER	UK	B+	^	Europe's N°1 home improvement retailer's report is tooled with rhythm.
54	98	BOEING	U.S.	B+	⬆	Commercial and defensible (?). Thorough "Index to Financial Report" a plus.
55	143	PORSCHE	Germany	B+	⬆	A Porsche that takes a firm and timely stand -on short-termism.
56	74	SAPPI	South Africa	B+	^	Clear performance and ratio check. Compare e.g. with weaker N°154 in the same sector.
57	58	TOYOTA MOTOR	Japan	B+	^	Does a Wall Street shuffle for MD&A. For better or worse.
58	42	SINGAPORE AIRLINES	Singapore	B+	v	"Statement of Value Added and its Distribution" a plus. The rest is for a soft landing.
59	N/R	CIBA Specialty Chemicals	Switzerland	B+	⬆	2 languages, 3 documents (less than 80 pages total), and ready in February.
60	159	CITIGROUP	U.S.	B+	⬆	Key products, risk issues, capital components among improvements. Compare N°200.
61	39	GFK	Germany	B+	v	Views, overviews and reviews: a good balance. Check rival VNU.
62	125	NOVOZYMES	Denmark	B+	⬆	"Credible and integrated," says a reporting expert. Responsibility is here checked up.
63	168	M-REAL	Finland	B+	⬆	Shows top 29 country sales. Charts target for gearing, too.
64	23	RLI	U.S.	B+	v	Still well-charted but less easy to follow.
65	54	ACCOR	France	B+	v	"Understanding and managing water, energy and waste in an Accor hotel": in a cutaway.
66	36	ANHEUSER-BUSCH	U.S.	B+	v	The brew's still satisfying. But some do it better with water, wine... or cork.
67	200	QUALCOMM	U.S.	B+	⬆	A renewed ability to sustain the 3 G argument.
68	192	CATERPILLAR	U.S.	B+	⬆	Back on track. Easy to dig up.
69	N/R	SANOFI-SYNTHELABO	France	B+	⬆	One French in progress on governance and stock. See shareholders on N°144 and 147.
70	67	SIX CONTINENTS	UK	B+	v	Refreshing intro to "portfolio of brands".
71	87	BARLOWORLD	South Africa	B+	^	Caterpillar (N°68) dealer in Africa is fair on liquidity, leasing, value added...
72	175	DSM	Netherlands	B+	⬆	Clear on segments, remuneration. Industrial design repeated for years.
73	157	SCHERING	Germany	B+	⬆	Currency-adjusted sales of top selling products and therapy areas inside the cover.
74	64	DEUTSCHE POST	Germany	B+	v	An efficient way to define words in margins. Still a parcel format more than a mail.
75	N/R	SNAP-ON	U.S.	B+	⬆	Pliers, screwdrivers or wrenches can be handled with humor and reported seriously.
76	76	VOLKSWAGEN	Germany	B+	>	"Gläserne Manufaktur" not yet fully transparent. But ops review handles well.
77	34	CAPITAL ONE	U.S.	B+	v	Satisfying "measures of success". Yet the menu is now just satisfactory.
78	N/R	CARREFOUR	France	B+	⬆	The business cart runs further than the financial report card.
79	N/R	DOW Chemical	U.S.	B+	⬆	"Changes in sale price and volume displayed so clearly is still rare," says analyst.
80	73	HENKEL	Germany	B+	v	"A segment overview display that I'd like to see more often," comments an investor.
81	161	HONDA MOTOR	Japan	B+	⬆	Increased accuracy (e.g. for non-financial services). Accurate on stream. Still not jazzy.
82	N/R	RECKITT BENCKISER	UK	B+	⬆	Leveraging dishwashing with home and surface care? A vivid way to make it.
83	129	DANISCO	Denmark	B+	⬆	Outstanding primary and secondary segments recap.
84	91	PROCTER & GAMBLE	U.S.	B+	^	Straighter chair's statement. But the weaker design and old recipe don't pamper.
85	155	ISS	Denmark	B+	⬆	Outstanding segment and growth components info packed a stiff way.
86	N/R	JM	Sweden	B+	⬆	A newcomer, this "leading residential developer" charts its course and sets objectives.
87	102	SEB (Skandinaviska Enskilda Banken)	Sweden	B+	^	Market shares and country risk among pluses. Check also N°192.
88	90	CARLTON Communications	UK	B+	^	Analysis of net cash movement and capital employed of use. News Corp is foxy.
89	N/R	CIBC (Canadian Imperial Bank of Commerce)	Canada	B+	⬆	"Stepping up": monitors progress much more effectively than it communicates.
90	33	SIEBEL Systems	U.S.	B+	v	Case studies now offer a real plus. But financials and design are diluting.
91	46	SKF	Sweden	B+	v	"Not unreliable but the hybrid gearing makes it kind of a grind," sums up panelist.
92	68	DAIMLERCHRYSLER	Germany	B+	v	"Professional, formal" (a panelist). "Tuning on financials bothers me" (an investor).
93	112	ING	Netherlands	B+	^	Link between figures and charts in key figures works fine. Inflates building stories.
94	123	REED ELSEVIER	UK-Netherlands	B+	⬆	"Currency profile - net cash/borrowings."
95	135	BCE (Bell Canada Enterprises)	Canada	B+	⬆	MD&A as a show-piece of clarity, intelligibility. And credibility.
96	50	GENERAL ELECTRIC	U.S.	B+	v	Lacking in power, scans and fuel. MD&A now needs re-engineering.
97	N/R	COLGATE-PALMOLIVE	U.S.	B+	⬆	First part is a soap opera, with to-the-point performance checks.
98	65	HEIDELBERG	Germany	B+	v	Snapshots give a nice view, of course. The rest looks and sounds clichéd.
99	82	VNU	Netherlands	B+	v	Charting "Redemption Schedule Total Gross Debt" is a plus. Check rival GFK.
100	N/R	FEDEX	U.S.	B	⬆	Transportable -and readable- but not transporting.

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101	N/R	REXAM	UK	B	⬆️	Top 20 customers disclosed.	151	166	BASF	Germany	B-	⬆️	Rich in content. But was there a need for two documents? No.
102	99	GENERAL MILLS	U.S.	B	⬇️	Häagen-Dazs maker reports clearly on usuals.	152	N/R	MAN	Germany	B-	⬆️	A trucker: industrial and functional.
103	N/R	FORTUM	Finland	B	⬆️	Didactic: "Calculation of Key Figures".	153	156	ESPRIT	Hong Kong-Bermuda	B-	⬆️	Dynamically charted.
104	N/R	KONE	Finland	B	⬆️	Not uneasy to handle yet layout requires more than maintenance.	154	52	WEYERHAEUSER	U.S.	B-	⬇️	Part of it is good paper, part of it is pulp.
105	43	SKANSKA	Sweden	B	⬇️	Why having watered down that strategic objectives section?	155	N/R	TUI	Germany	B-	⬆️	Hapag-Lloyd's owner doesn't travel light but reports quite fairly.
106	84	3 I	UK	B	⬇️	Portfolio analysis still a plus. Typography is not reader-friendly.	156	4	TELSTRA	Australia	B-	⬇️	Falling off. The phone-book format is the only communicative feature.
107	88	RENAULT	France	B	⬇️	Sounds like -worthy-French-engineer's meeting minutes. Too heavy to carry.	157	78	AMGEN	U.S.	B-	⬇️	Impression? Risks as big as business. And some worthy data don't make up.
108	27	TESCO	UK	B	⬇️	Convenient, governed and highlighting. Report retailing now predictable.	158	N/R	BT (British Telecom)	UK	B-	⬆️	Dreadful layout and typography.
109	N/R	BHP BILLITON	Australia-UK	B	⬆️	34 charts, dozens of nice pics and useful maps for community reporting.	159	70	DBS	Singapore	B-	⬇️	Some good features hampered by decreasing communication.
110	N/R	BNP PARIBAS	France	B	⬆️	"A pleasant and convincing read," says a German... banker.	160	165	AUDI	Germany	B-	⬆️	Sporty? Matter of taste. Check also relatives (N°55 and 76).
111	118	BP	UK	B	⬆️	Beckie's presence doesn't make it posh -far from most legible. Governance a plus.	161	187	VESTAS Wind Systems	Denmark	B-	⬆️	Not a stylish windsurfer. But rich in content and very clear on stock and ratios.
112	138	AKZO NOBEL	Netherlands	B	⬆️	Functionally informative on segments and sales. Still lacks surface chemistry.	162	N/R	FRANCE TELECOM	France	B-	⬆️	2001 "comparable", "consolidated", "withdrawal" table adds to the commotion.
113	29	SKANDIA	Sweden	B	⬇️	Worthy financial ingredients seriously hampered by a basic layout.	163	140	DELHAIZE	Belgium	B-	⬇️	Basic supply-chain design doesn't serve a patchy -and sometimes fair- retail content.
114	N/R	NESTLE	Switzerland	B	⬆️	Much better food ingredients. And better thoughts.	164	69	ABN AMRO	Netherlands	B-	⬇️	"Reshaped the bank"? Maybe. But not the report. Check archival ING.
115	N/R	DAIWA HOUSE	Japan	B	⬆️	Meet a rather efficient (reporting) Japanese real estate agent.	165	59	INTERBREW	Belgium	B-	⬇️	Bottoms up. Lost much of its last year's fizz.
116	N/R	MASCO	U.S.	B	⬆️	Of an age? Financial historical data over 46 years -with compound growth.	166	N/R	BAXTER	U.S.	B-	⬆️	A comeback. Explanatory pipeline and product review. But not up to the best.
117	N/R	JOHNSON MATTHEY	UK	B	⬆️	Not a gold standard yet refined. Still needs more than surface coating.	167	21	WYETH	U.S.	B-	⬇️	A financial and contribution checkup takes some time.
118	20	IBM	U.S.	B	⬇️	Where's the business done? Wait. Design now hackneyed. Road map? Of limited use.	168	N/R	NIKE	U.S.	B-	⬆️	Well-packed shoebox. But too much air for shares and ops.
119	195	DEUTSCHE BANK	Germany	B	⬆️	Risk: 15 pages five years ago, 50 now.	169	111	KLM	Netherlands	B-	⬇️	Slow take-off but smart charts and color statements layout make it a good cruise.
120	130	ERSTE BANK	Austria	B	⬆️	"Braggs a little and doesn't really invite, yet highlights fine," says financial specialist.	170	146	SYNGENTA	Switzerland	B-	⬇️	"Several gaps in information and dated design don't inspire confidence," writes panelist.
121	N/R	YAMAHA MOTOR	Japan	B	⬇️	"Numerical targets in fiscal 2005": include free cash flows, equity ratio. Ride to N°15.	171	N/R	UNITED OVERSEAS BANK	Singapore	B-	⬆️	Market risk made clearer.
122	N/R	VEDIOR	Netherlands	B	⬆️	Beats major temp rivals (check Manpower, Randstad, and forget Adecco).	172	124	UPS	U.S.	B-	⬇️	"Why question success" is the cover? The answer is not swaying.
123	N/R	ACCENTURE	Bermuda-U.S.	B	⬆️	Former Andersen Consulting has no bad accent but delivers no innovation.	173	63	FRESENIUS	Germany	B-	⬇️	Clinical.
124	106	PSA PEUGEOT CITROEN	France	B	⬇️	Nice product details. But model design should be transferred to report.	174	174	CANON	Japan	B-	⬆️	Canon as usual. Canonical, that is.
125	25	MOLEX	U.S.	B	⬇️	Going down. What's that return on "beginning" equity?	175	N/R	ABB	Switzerland	B-	⬆️	Disservice of new imported layout: lack of readability.
126	62	HSBC	UK	B	⬇️	Yes, it's rich in content. Why keep on laying it out such an uninviting way?	176	164	ASTRAZENECA	UK	B-	⬇️	"So eyesore that you would advise them to buy a lens-maker to design it!" (an analyst).
127	177	HUGO BOSS	Germany	B	⬆️	Improving on segments. "But what a waste of paper," comments panelist.	177	170	SAP	Germany	B-	⬇️	Lacking in sap and stock.
128	93	GUS	UK	B	⬇️	Not the Burberry look, but an overview still finer than a few high streets' players.	178	127	HVB (Hypovereinsbank)	Germany	B-	⬇️	"More from Less": states the cover. How will it sound after so much less with more?
129	104	FORD MOTOR	U.S.	B	⬇️	Where have all the good times gone? Ask Henry? Or follow Harley?	179	116	LUFTHANSA	Germany	B-	⬇️	"InfoFlyway"? Yes, but the reader misses a flight path to check in.
130	N/R	MATSUSHITA ELECTRIC	Japan	B	⬆️	The fact book makes up significantly for a report-as-usual.	180	N/R	MUNICH RE	Germany	B-	⬆️	Risky business. Means well, shows fine, makes it heavy.
131	N/R	LIMITED BRANDS	U.S.	B	⬆️	Sexy body work (in magazine format) that also delivers well for financial layout.	181	142	KARSTADT QUELLE	Germany	B-	⬇️	Doesn't quell demands. Go down to N°191.
132	94	EMI	UK	B	⬇️	Financial review barely counting crows. Business report a blur. The whole no prodigy.	182	114	RANDSTAD	Netherlands	B-	⬇️	Food for thought. But doesn't work up to best in class.
133	N/R	INFOSYS Technologies	India	B	⬆️	An extraordinary batch of ratios, superior governance and share info in a poor design.	183	144	ROCHE	Switzerland	B-	⬇️	"Substantially expanded pipeline" is enlightening. What's missing then?
134	N/R	SCANIA	Sweden	B	⬆️	Not a heavyweight, some pebbly pages, good market stats, useful dashboard.	184	169	SANLAM	South Africa	B-	⬇️	"Long term asset mix for assets supporting the capital at risk": worth emulating.
135	15	DEUTSCHE TELEKOM	Germany	B	⬇️	"Key information now hard to find or not elaborated on," says CC specialist.	185	180	HEINEKEN	Netherlands	B-	⬇️	Is froth a problem? For down-under refreshment, check at N°40.
136	N/R	INCEPTA	UK	B	⬆️	Active in investor relations? Why then being so basic on shares?	186	51	ROYAL & SUN ALLIANCE	UK	B-	⬇️	Guide to highlights still a plus. The rest is not wealthy.
137	N/R	LINDE	Germany	B	⬆️	"Growth of an investment of 10,000 euro in Linde shares over a ten-year period."	187	N/R	ST ENGG	Singapore	B-	⬆️	"Productivity Data" not that often encountered as key figures.
138	N/R	BAUSCH & LOMB	U.S.	B	⬆️	Breaking the chairman's statement with blanks hurts the retina.	188	N/R	T-ONLINE	Germany	B-	⬆️	"Share performance vs. peers rather daring, and not only in this industry," says investor.
139	N/R	BUHRMANN	Netherlands	B	⬆️	The worthy first glance is made hazy.	189	N/R	SIEMENS	Germany	B-	⬆️	Short on power, lighting, communication and control.
140	N/R	POLO RALPH LAUREN	U.S.	B	⬆️	Fair disclosure for bank credit facilities.	190	92	STARBUCKS	U.S.	B-	⬇️	Less and less bang for the bucks. Global beers and Australian wine do better than coffee!
141	47	WALT DISNEY	U.S.	B	⬇️	Broadcast problem: "diluted, pro forma, as reported" require a buena vista or giant screen.	191	N/R	METRO	Germany	B-	⬆️	Praktiker aber nicht Extra. Go back to N°181.
142	139	CARLSBERG	Denmark	B	⬇️	Stable, but still not an ice breaker. More refreshing down under? Check at N°40.	192	145	SVENSKA HANDELSBANKEN	Sweden	B-	⬇️	Is lower cost-income ratio the reason for laying it out so unclearly? (Check also N°87).
143	N/R	EADS	Netherlands	B-	⬆️	Some well-built graphs start telling the story of the pan-European fledgling.	193	N/R	ALTRIA	U.S.	B-	⬆️	Parent of Kraft and Philip Morris: smoke for ops, lack of fire for the rest.
144	N/R	TOTAL	France	B-	⬆️	Report upstream refining better than downstream marketing.	194	N/R	ARAMARK	U.S.	B-	⬆️	Returned to stock exchange after 17 years. Not without adjustments.
145	N/R	BOUYGUES	France	B-	⬆️	"Excellent performance overview, and management statements that... state" (a panelist)	195	N/R	ALLIANZ	Germany	B-	⬆️	A calendar as a bookmark is handy. But the EVA story is far from convincing.
146	189	MANPOWER	U.S.	B-	⬆️	On the rise (e.g. on financials), though not "at the speed of work."	196	N/R	CLARIANT	Switzerland	B-	⬆️	Nice pictorial chemistry. Content lags behind.
147	113	L'OREAL	France	B-	⬇️	Makeup change for cover only. Same report for years.	197	N/R	ANA (All Nippon Airways)	Japan	B-	⬆️	Selected data and ratios deliver. Quiz: where are U.S. competitors' reports?
148	N/R	ABBOTT Laboratories	U.S.	B-	⬆️	"Components of growth change is what I'd like to see everywhere," tells an investor.	198	183	WOLFORD	Austria	B-	⬇️	A fashionable use of graphs.
149	97	MITSUBISHI	Japan	B-	⬇️	A scrambler. And the MD&A doesn't help.	199	N/R	SMBC (Sumitomo Mitsui Banking)	Japan	B-	⬆️	Finally a Japanese bank that discloses about risk and controls.
150	56	ALLERGAN	U.S.	B-	⬇️	Nice and worth looking through. But where can the financial review be seen?	200	131	MERRILL LYNCH	U.S.	B-	⬇️	Guess what: Mr. O'Neal goes back to ROE!

ARRIVALS, DEPARTURES

NEWCOMERS –OR COMEBACKS
(rank this year)

Charles Schwab (3), Harley-Davidson (15), Telus (18), Pepsico (32), Teijin (41), Johnson & Johnson (43), ConocoPhillips (44), Mylan Laboratories (47), AIG (American International Group) (52), Ciba Specialty Chemicals (59), Sanofi-Synthelabo (69), Snap-On (75), Carrefour (78), Dow Chemical (79), Reckitt Benckiser (82), JM (86), CIBC (Canadian Imperial Bank of Commerce) (89), Colgate-Palmolive (97), Fedex (100), Rexam (101), Fortum (103), Kone (104), BHP Billiton (109), BNP Paribas (110), Nestle (114), Daiwa House (115), Masco (116), Johnson Matthey (117), Yamaha Motor (121), Vedior (122), Accenture (123), Matsushita Electric (130), Limited Brands (131), Infosys Technologies (133), Scania (134), Incepta (136), Linde (137), Bausch & Lomb (138), , Buhrmann (139), Polo Ralph Lauren (140), EADS (143), Total (144), Bouygues (145), Abbott Laboratories (148), Man (152), TUI (155), BT (British Telecom) (158), France Telecom (162), Baxter (166), Nike (168), United Overseas Bank (171), , ABB (175), Munich Re (180), ST Engg (187), T-Online (188), Siemens (189), Metro (191), Altria (193), Aramark (194), Allianz (195), Clariant (196), , ANA (All Nippon Airways) (197), SMBC (Sumitomo Mitsui Banking) (199)

DISPLACED
(rank last year) (reason for not ranking)

E.ON (38) (now ranks lower than top 200), International Paper (41) (now ranks lower than top 200), United Technologies (45) (report not received by July 15, 2003), Woolworths (61) (report not received by July 15, 2003), IIT Industries (71) (report not received by July 15, 2003), DuPont (72) (report not received by July 15, 2003), Cisco Systems (79) (now ranks lower than top 200), British American Tobacco (83) (report not received by July 15, 2003), Tyco (86) (report not received by July 15, 2003), Ahold (89) (report not published by survey completion date), Fortis (95) (report not received by July 15, 2003), Textron (96) (now ranks lower than top 200), Pharmacia (101) (company to be acquired by Pfizer), Wells Fargo (103) (report not received by July 15, 2003), Emerson (105) (now ranks lower than top 200), Air Liquide (108) (report not received by July 15, 2003), Asahi Breweries (109) (now ranks lower than top 200), Aventis (110) (now ranks lower than top 200, financials not sent), Nissan (117) (report not received by July 15, 2003), First Data (119) (report not received by July 15, 2003), Fortune Brands (120) (report not received by July 15, 2003), Johnson Controls (121) (report not received by July 15, 2003), McGraw-Hill (122) (now ranks lower than top 200), Solvay (126) (report not received by July 15, 2003), Zurich Financial Services (128) (now ranks lower

than top 200), NTT DoCoMo (132) (report not received by July 15, 2003), Genzyme (133) (company not selected), American Express (134) (now ranks lower than top 200), First Pacific (136) (now ranks lower than top 200), Vendex (137) (now ranks lower than top 200), GSK (GlaxoSmithKline) (141) (report not received by July 15, 2003), Avnet (147) (now ranks lower than top 200), Boots (148) (now ranks lower than top 200), Chr. Hansen (149) (now ranks lower than top 200), Lilly (Eli Lilly) (150) (now ranks lower than top 200), OCBC Bank (151) (report not received by July 15, 2003), Royal Bank of Scotland (152) (report not received by July 15, 2003), SGS (Société Générale de Surveillance) (153) (now ranks lower than top 200), Wal-Mart Stores (154) (report not received by July 15, 2003), Gucci (158) (now ranks lower than top 200), General Dynamics (160) (report not received by July 15, 2003), KPN (163) (now ranks lower than top 200), Tellabs (167) (report not received by July 15, 2003), ACG (171) (report not received by July 15, 2003), Pinault-Printemps-Redoute (172) (now ranks lower than top 200), Autoliv (173) (now ranks lower than top 200), Hartford Financial Services (176) (now ranks lower than top 200), Intel (178) (now ranks lower than top 200), Invensys (179) (now ranks lower than top 200), John Hancock (181) (report not received by July 15, 2003), Sonera (182) (now merged with Telia. TeliaSonera report not received by July 15, 2003), Yahoo! (184) (report not received by July 15, 2003), Escada (185) (now ranks lower than top 200), LVMH (186) (report not received by July 15, 2003), Ingram Micro (188) (now ranks lower than top 200), Visteon (190) (report not received by July 15, 2003), Serono (191) (report not received by July 15, 2003), Sun Microsystems (193) (report not received by July 15, 2003), Monsanto (194) (report not received by July 15, 2003), Itochu (196) (now ranks lower than top 200), Philip Morris (197) (replaced by Altria, new name for holding controlling Philip Morris and Kraft Foods), Kao (198) (now ranks lower than top 200), Fiat (199) (report not received by July 15, 2003)

**REPORT CHECKUP?**

Why did your report rank there? Or didn't rank? Would you like to know how your annual report scores on all evaluation criteria? Order a QUICK REPORT SCAN for US\$ 400, Euro 350 or £ 250 (price valid until Dec. 31, 2003, invoice sent with scan report). Besides the score breakdown, it contains edited remarks resulting from our desk research and a meter of strong and weak points. Order? Just e-mail e.com@sit-com.net

ROCKY REPORTING

REPORT STATISTICS

- 36%** Early birds **28%** Midway senders **35%** Latecomers
- 30%** Reports requiring minimum 2 requests
- 46%** Reports that did not reach us after 2 requests (e-mails and/or faxes) or more
"The waiting (is the hardest part)". The percentage of reports being sent/received within 90 days after the fiscal year-end (early birds) has sharply increased these last two years, especially in Europe. But a majority of companies is not capable –or keen– to produce and dispatch annuals before minimum 4 months (some, but not all, for language reasons).
- 19%** Reports in 2 documents
Report requests and related statistics may be influenced –positively or negatively– by national accounting or shareholder information policies that allow to or prevent from disclosure towards other parties, or by some companies' attitudes towards external inquiries. An increase in the two-document policy may be noticed. Separate 10-K or 20-F or environmental/responsibility report or fact book were considered as second only when bundled or mailed jointly with a report or review. This had an impact on some reports' marks.
- 46%** Reports of 100 pages or more
Total number of pages is for one, two or more documents. The average report volume has kept on increasing these last years. This is mainly due to new or reinforced regulations (e.g. on governance, accounting disclosure, risk, etc.), but also to a greater corporate concern. However, besides the 10-K (which is not sent automatically), many American reports haven't increased as much as their rivals (especially German, Dutch, French or Southeast Asian), while Scandinavian firms are still able to deliver under 100 pages.
- 48%** Return on equity over minimum 3 years
- 14%** Return on assets over minimum 3 years
Some tend to go for the return on capital (employed). Worthy, but not a substitute either for that good old ROE –a 1-0-1 fundamental for any manager!– or that ROA to which the bloated tycoons keep on preferring total assets, probably as a sign of corporate virility.
- 28%** Share price graph compared with an index over minimum 2 years
- 34%** Debt to capital or to equity ratio over minimum 3 years
Catching up, even though 2/3 still leave it up to the reader to calculate what has always been a critical ratio, yet a recent discovery for some. The equity ratio as such (equity to total assets) is considered useful but too implicit to be sufficient.
- 35%** EBIT or operating profit in % over minimum 2 years
As much EBITDA as more "net" EBIT may be found, as well as some window-dressing or scrambling (e.g. with those intangibles etc.). Except in statements, charted cash-flow measures have become rare. Isn't it strange that the EBIT hype hasn't resulted in setting it out more in percentage? Perhaps not that strange.
- 28%** Description of role and activity of committees
Talk shops have become a talking point. All talk and no action would be too unfair a statement. There's been some improvement, and this is even truer for the broader governance issue. Still, most reports don't walk the talk. North American reports push (limited) information to other documents, German and Scandinavian waited to see, while Japanese let it go.
- 18%** Outlook and objectives in figures (over 1 or 2 years)
Yes, in the era of profit warnings and figured quarterly prospects, less than 1/5 dare setting, setting out... and committing themselves to objectives. Will –published– mid-term forecasting come back into fashion in the wake of governance requirements and after such fads as six sigma and the impracticable EVA?

The above statistics are based on a sample of 500 international reports received between September 2002 and July 2003. All numbers have been rounded.

EXCELLENTLY

EXCELLENTLY

BEST PICKS AND 2003 AWARDS

We have identified at least 15 key attributes that make better - and greater- annual reports. Those belong, sum up or are directly related to our more complex criteria used for report evaluation. Here are one award and ten other noteworthy picks for each report feature.

D REPORT DELIVERY AWARD: CIBA Specialty Chemicals (Switzerland)

PICKS:

ADIDAS-SALOMON	M-REAL
AKZO NOBEL	MANPOWER
ASML	MERCK KGaA
AUDI	READER'S DIGEST
HOLMEN	SAS

V DESIGN AND VISUALS AWARD: HARLEY-DAVIDSON (U.S.)

PICKS:

CASCADES	NOVARTIS
LIMITED BRANDS	PEARSON
MANPOWER	READER'S DIGEST
MUNICH RE	TPG
MYLAN Laboratories	WPP

C USE OF COVERS AWARD: NIKE (U.S.)

PICKS:

AHREND	ENGELHARD
ARTWORK SYSTEMS	MYLAN Laboratories
BIOGEN	NOVOZYMES
CASCADES	PFIZER
DANONE	QUALCOMM

T REPORT THEME AWARD: CHARLES SCHWAB (U.S.)

PICKS:

BNP PARIBAS	KNIGHT RIDDER
CASCADES	PEARSON
CATERPILLAR	PFIZER
ENTERGY	SNAP-ON
HARLEY-DAVIDSON	TPG

B BUSINESS AT A GLANCE AWARD: SCA (Sweden)

PICKS:

AIG	INFINEON Technologies
DANONE	ROYAL BANK OF CANADA
ELKEM	SAPPI
FOSTER'S	SONY
HONDA MOTOR	TELUS

I SHARE / INVESTOR INFORMATION AWARD: UPM-KYMMENE (Finland)

PICKS:

ADITYA BIRLA	NOVO NORDISK
CHARLES SCHWAB	ROYAL BANK OF CANADA
ELECTROLUX	SAS
HOLMEN	SCA
NORSKE SKOG	STORA ENSO

H FINANCIAL HIGHLIGHTS AWARD: DANONE (France)

PICKS:

AVNET	IOI
BEKAERT	NOVO NORDISK
CARREFOUR	SCHERING
CASCADES	TELUS
INFINEON Technologies	UNITED OVERSEAS BANK

F FINANCIAL REVIEW AWARD: BCE (Bell Canada Enterprises) (Canada)

PICKS:

AIG	ELECTROLUX
BMO (Bank of Montreal)	PFIZER
CHARLES SCHWAB	PHILIPS
CITIGROUP	SARA LEE
DOW Chemical	SCA

E EXECUTIVE STATEMENT AWARD: CHARLES SCHWAB (U.S.)

PICKS:

AIG	PEARSON
BARCLAYS	PEPSICO
ELECTROLUX	PORSCHE
HARLEY-DAVIDSON	TELUS
KNIGHT RIDDER	VOLVO

L FINANCIAL HISTORY AWARD: BEKAERT (Belgium)

PICKS:

AEGON	ROYAL BANK OF CANADA
BMO (Bank of Montreal)	SAS
CHARLES SCHWAB	SCA
ELECTROLUX	VNU
MASCO	VOLVO

EXCELLENTLY

GEOGRAPHY MAPPING

G USE AND VALUE OF CHARTS AWARD: PEPSICO (U.S.)

PICKS:

ADIDAS-SALOMON	PHILIPS
GFK	SINGAPORE AIRLINES
HOLMEN	UPM-KYMMENE
MATSUSHITA ELECTRIC	VOLVO
NORDEA	WOLFORD

R RISK FACTORS AND MANAGEMENT AWARD: CITIGROUP (U.S.)

PICKS:

AIG	ERICSSON
BARCLAYS	NORDEA
BMO (Bank of Montreal)	TELUS
CIBC	UBS
DEUTSCHE BANK	UNITED OVERSEAS BANK

COMPANIES SELECTED

See inside front cover flap.

REPORTS RECEIVED AND EVALUATED

Best in the fast release –and delivery– of annuals: *Denmark, Finland, Hong Kong, The Netherlands, Canada, Japan, Germany, Sweden.*
Worst in quickly producing and mailing their reports: *Italy, Spain, Korea, Belgium, France.*
91% of Danish reports requested were received, most of them less than 4 months after the fiscal year-end. 60% of U.S. reports requested have never reached us; five years ago 60% were got hold of. This confirms the growing neglect towards foreign investors and analysts showed by American (Canadian to a lesser extent) companies these last years (see our previous surveys). The presence of Asian companies as deliverers comes as a –good– surprise. 35% of French reports requested were received, but most of them after June 15.

P RATIO AND RETURN ANALYSIS AWARD: INFOSYS Technologies (India)

PICKS:

BEKAERT	NOVARTIS
CAPITAL ONE	NOVO NORDISK
ELECTROLUX	SAS
HENKEL	SCA
ISS	VESTAS Wind Systems

S SOCIAL AND ENVIRONMENTAL REPORTING AWARD: NOVARTIS (Switzerland) – NOVOZYMES (Denmark)

PICKS:

BHP BILLITON	ROYAL DUTCH SHELL
HOLMEN	SAB (South African Breweries)
NESTLE	SANOFI-SYNTHELABO
NORSKE SKOG	SCA
RENAULT	STORA ENSO

O FINANCIAL OBJECTIVES & OUTLOOK AWARD: TELUS (Canada)

PICKS:

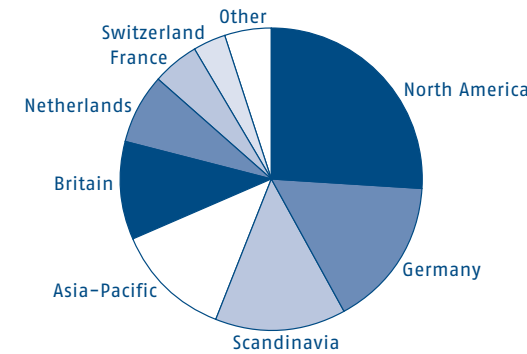
ADIDAS-SALOMON	RWE
BMO (Bank of Montreal)	SCA
JM	SNAP-ON
MASCO	UNILEVER
MINEBEA	VOLVO

M REPORT MANAGEMENT AWARD: VOLVO (Sweden)

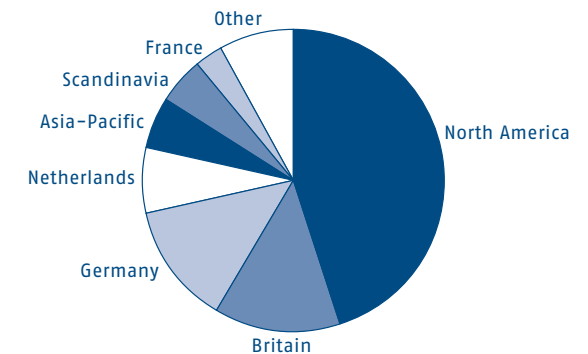
VOLVO is the only company whose report has made top 10 since the inception of our survey. This justifies a special award for report management over the years. Compared to others, but also in the special context faced by the company (failed merger, successful acquisition, sale of biggest business, etc.).

REPORTS RANKED

2003 (200 best reports for year ended 2002)



1999 (200 best reports for year ended 1998)



MAPPING OUT REPORTING PRACTICE

	Operations	Segmentation	Financial review	Governance	Share items	Ratios & history	Risk management	Social & environmental
North America	High	Average	High	Average	Average	Average	High	Average
Japan	High	Average	High	Average	Average	Average	High	Average
Advanced Asian	High	Average	High	Average	Average	Average	High	Average
British Isles	High	Average	High	Average	Average	Average	High	Average
Germany	High	Average	High	Average	Average	Average	High	Average
France	High	Average	High	Average	Average	Average	High	Average
Scandinavia	High	Average	High	Average	Average	Average	High	Average
Southern Europe	High	Average	High	Average	Average	Average	High	Average

The table indicates the quantity and quality of information and the level of disclosure on 8 key reporting aspects. It should be seen as a snapshot of reporting practice and not about the standards themselves –standards may raise while practice doesn't follow or lags behind.



COMPANY REPORTING

AN A-Z REPORT CARD

ACCOUNTABLE: BCE (Bell Canada Enterprises) (Canada)

"In April, your Board of Directors, recognizing that the primary job of the Board is to be **accountable** to shareholders **–not to run the company–** separated the positions of Chairman and CEO." (Chairman's Message, p 10).

Actions taken? "the director stock option program has been eliminated", minimum share ownership for directors has been increased, shares options "will be only for management". Furthermore, BCE produces a clear, communicative and nevertheless highly substantial MD&A. An example for hundreds of companies, southbound and elsewhere.

ADDRESSING: JENOPTIK (Germany)

"To our **shareholders**" (Message written on an envelope glued on p 27). The appealing –though not most practical– way to wrap it surely makes it a read. What's inside? The departure message of Prof. Dr. Lothar Späth is addressed to all **shareholders**, without overlooking the "numerous private investors" and "employee-investors" and the "lovely old (and yet modern) hometown." Formal but warm and not lacking in substance. In case you would ignore it, the Jena, Eastern Germany–based company is involved in cleaning systems and electro-optics. This is... illustrated through uneven yet interesting visuals, just requiring some "Facility Engineering"...

ADJUSTING: E.ON (Germany)

"Switched on" (Report theme, front cover).

"Summary of financial **highlights**" (p 163).

If by chance one stumbles across that page, what's in? Pro forma figures for 1999 (including two unknown companies). 2000 looks OK (if you forget the "net financial position"). 2001 is footnoted as "Adjusted for discontinued operations and goodwill amortization." Fine. But ROE for the same year is footnoted as "not adjusted for goodwill amortization." 2002 is "naked". Let's bet it will be retouched in 2003.

Switched on? One would say wires crossed. **Highlighting?**...

AFFECTING RESULTS: EDS (U.S.)

"To this strong base, we bring a **fresh** perspective..."

(CEO's and COO's statement, front cover).

Fresh? The "leading global services company" is only capable of producing a tedious 10-K "on recycled and recyclable paper" not covered and mostly illegible even for the patient shareholder (while the hurried analyst is of course busy watching a website!).

"Liquidity and Capital Resources" (p 23).

Do you really think that a table giving credit ratings for long-term and short-term debt stands as a replacement for a debt profile? We don't.

"Factors That May **Affect** Future Results – Results of Operations" (p 15).

There's good side, though. EDS stands among the still rare reports clearly stating –at long last– the **impact** of foreign currency translation and acquisitions and divestitures, as well as the dependence on one customer (the former parent company, that is).

AUDITED: IBM (U.S.)

"We did not audit the financial statements of the company's Business Consulting Services Reporting Unit (which includes the consulting practice acquired from us as discussed in note c)... Those statements were audited by **other auditors** whose report thereon has been furnished to us..." (Report of **Independent** Accountants PricewaterhouseCoopers LLP, p 43). Unfortunately, note C doesn't provide **other auditors'** identity. Neither does it say if an independent auditor was asked to check the value of the transaction. A declaration of **independence** is much needed here. Too.

BEFORE: LOGICA (UK)

"* all references to profit **before** tax, operating profit, margins, cash flow and earnings per share are **before** goodwill, restructuring costs, amounts written off investments and exceptional items." (Footnote to Chief Executive's Review, p 7).

Profit **before** etc.: £ 116 million. **And after?** Dig out or calculate. A loss of £ 234.8 million.

Basic earnings per share before etc.: 19.1 p. **And after?** Search. (58.4)p.

An after-taste.

BEIA: UNILEVER (Netherlands–UK)

"Operating margin **BEIA**" (Financial highlights).

We've got EBIT, EBITDA, EVA (still exists?), etc. In what looks like another Sarbanes–Oxley leaning bow, the task of defining that **BEIA** was given (?) to the two chairmen: read Before Exceptional Items and Amortisation of Goodwill and Intangibles.

"Fresh thinking for clean living" (p 10)? Perhaps, but being in soap doesn't seem to clean up smoke–screens.

That said, if it's not as tasty as Carte d'Or, not as refreshing as an Axe spray, it delivers rich, clearly segmented and investor-driven contents.

BIOGRAPHIES: INFOSYS Technologies (India)

"**Transparency** and corporate **governance** not only attract global capital, but also build credibility with clients..."

(S.D. Shibudal, Executive Director, p 5).

Set forth, for 452 (!) managers: their qualification, age, date

of joining, experience, previous job, and gross remuneration. And a 13–page corporate **governance** report is included.

CLARITY: BOOTS (UK)

"We did accelerate the pace of **innovation** and change, while cutting **costs** and maintaining our commitment to managing for **value**." (Inside front cover)

"Last year we said Boots was in transition. Today the shape of the business we are creating is very **clear**." (Chairman's statement, p 1).

Innovative? Where are the new products or services shown?

Costs do not appear in the 5–year financial record.

Value? Dividend cover "before exceptional items" (quote) is stable. And shareholder return among lowest in peer group.

Clear? Who will like to read that inanimate report, made of 5 charts and no illustration?

CONFLICT OF INTEREST: DEUTSCHE TELEKOM (Germany)

"Corporate **governance**." "Avoiding **conflicts of interest**... There were no instances of conflict in 2002." (p 18).

Can someone explain why the Chairman of the Board of Management of Deutsche Telekom is the same person as the Chairman of the Supervisory Board of T–Online, which is 71.90% controlled by the former? Is this good **governance**? And doesn't this show a **conflict of interest**? And shouldn't governance also imply manners? After all, the new chairman was in charge for less than seven weeks during the fiscal year under review. The previous one is not even referred to and looks beheaded... or at least footnoted p 190.

CRITICALLY SELECTIVE: ARROW ELECTRONICS (U.S.)

"Selected Financial Data" (p 9).

Very **selected** indeed. 9 basic indicators occupy 1/3 of the page. While footnotes made of disposals, (dis)continued, etc. occupy 2/3, making those meager financial data more hollow. "Management's **Discussion and Analysis** etc." (p 10).

Is another illustration of the damage caused by the zealous devotion to the post–Enron regulations. Except for... exceptions, special charges, restructuring, write–downs... and a number of rules that had turned into exceptions in the "bubble" financial world, a **discussion** is hardly found, and the **analysis** is mainly limited to those items. Worse, accounting policies –of course "critical" and brimming with "recently issued" standards– now weigh more than the financial review. And to cap it all, make it as illegible as possible!

COMPANY REPORTING

CUTAWAY: ACCOR (France)

"**Understanding and managing** water, energy and waste in an Accor hotel" (p 54).

This headline is followed by a cutaway spreading over two full pages and showing almost 20 items or actions needed + a list of "nine environmental commitments". Easy to **understand**, well–**managed** and integrated reporting (and not far–fetched, contrary to many) about key sustainability issues.

DEBT PROFILE: SAPPI (South Africa)

"Managing the balance sheet" (Headline on pp 8–9)

The report answers promptly: "Over the past year we have changed our debt maturity profile from an average of three years to an average of ten years" (p 8).

And a chart supports that.

DISCONNECTED: GSK (GlaxoSmithKline) (UK)

"Connecting..." (Title of the annual report... 2001)

It seems even more difficult to connect with the investors' real–time world than to manage a post–merger pipeline. On March 12, 2003, GSK was answering a request for an annual report 2002 by sending a 2001 report. Who did that? We don't know –as no business card was included. By mid–July 2003, and after four written requests, GSK 2002 was still on the road. Disconnected is the word.

FIGURES BOOKLET: MATSUSHITA ELECTRIC (Japan)

"Financial Highlights" (p 1).

Why using a misleading –to say the least– broken scale for last year's loss only?

"Solid **foundation** for growth." (p 4).

Assuming that every investor receives the Fact Book (an improper title for what is a figure booklet, and mind the layout not made consistent with the report), this allows to check the **foundations** and offers outstanding supplementary information to what would otherwise just stands as another average Japanese report. 24 pages of statistics spanned over 5 or 6 years (incl. sales and income over 18 quarters), backed by charts and readable tables, showing segment data, and even listing major recent alliances and the number of patents.

FORM 10–K: NEW YORK TIMES (U.S.)

"The core purpose of The New York Times Company is to enhance society by creating, collecting and distributing high–quality news, information and **entertainment**." (Inside cover). Considered as one of the best newspapers in the world, it just produced a **non–creative, non–entertaining** and non–communicative document just made up of a basically wrapped 10–K!

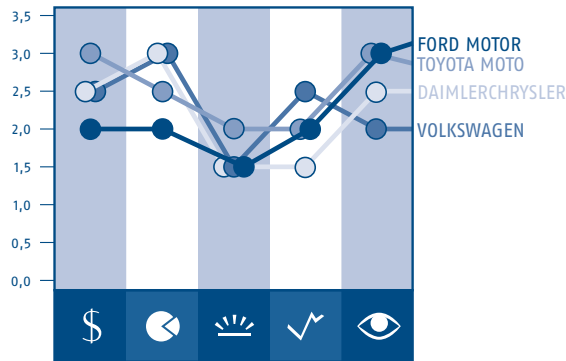
Continued on page 18 >

INDUSTRY BENCHMARKING

How do reports of key market players stack up on each of our 5 sets of criteria in a dozen of major industries? One of e.com's most demanded -and challenging- exercises is to compare and benchmark international reporting practices. Behind our "Annual Report on Annual Reports" lies an extensive research that includes the creation of peer groups, whether inside industries or among broad rivals, against national or regional competitors, or versus best practice across the board or the oceans.

Special in-depth evaluation tools have been set up for competitive reporting and benchmarking analyses. We have here simplified them for survey and comparison purpose. Report value note: The line drawn between the different points charted doesn't reflect a trend and is there for illustrative linking purpose only. Company value note: Like for the rating and ranking, the industry benchmarking is based on report assessment and may not be interpreted as a judgment of companies as such. It does not represent directly an offer to buy, sell, hold or trade the securities to which the reports cited, ranked or benchmarked in this survey are related.

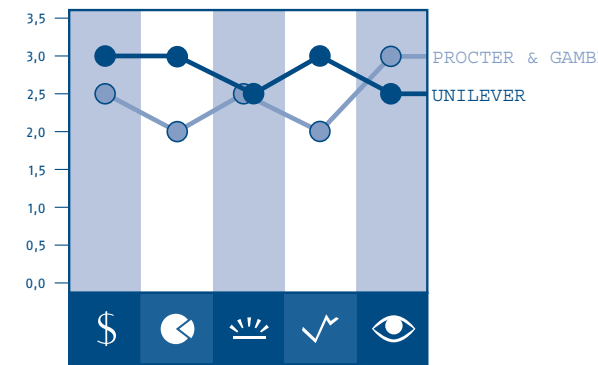
★ COMPARING WITH PEERS?
 How does your report compare with key competitors -or challengers- in your industry? Who does best on what criteria (among 20)? Order our to-the-point COMPETITIVE REPORT SCANNING for US\$ 2200, Euro 1900 or £ 1300 (price valid until Dec. 31, 2003, invoice sent with evaluation). Order? Just e-mail e.com@sit-com.net
 Note: This report evaluation service is accessible to all companies, industry analysts or investors requesting it. For a customized and confidential PEER GROUP BENCHMARKING -against industry rivals or best practice- please call, fax or e-mail e.com (see directions in cover).



CARS: FORD, DAIMLERCHRYSLER, TOYOTA, VOLKSWAGEN

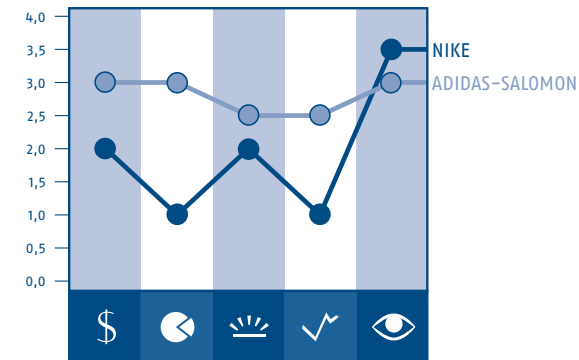
We've got the industry N°2, 3, 4 and 5 here. Don't look for N°1 (General Motors): sending over its report hasn't been a concern since 2000 (ranked N°106 then): other priorities, no doubt. Remember Ford making a N°1 report? Its only edge is now on visuals, but in a tie with the more -too- compact Toyota. The rest is a standard U.S. model, neither worse nor better. It seems to look back more than forward. VW is more the utility vehicle: more volume, more figures, more on segments, more in dashboard, less on the pilots, less in style. After having struck a balance, Toyota has largely Americanized its financials: for better on info, and for worse on com, segments, etc. A crossfire but no crossover at DaimlerChrysler that has remained Deutsch über alles. For better -clarity, structure- or worse -board, usw. Check also: Honda, PSA, Renault, Audi, Porsche. Is BMW (report) somewhere on the road?

INDUSTRY BENCHMARKING



FOOD AND CARE PRODUCTS: UNILEVER VS PROCTER & GAMBLE
 The two archrivals of marketing classes make it up the opposite way. P&G is fairly communicative (48 pages) but poorly informative (48 pages!). Unilever is outstandingly informative (180 pages over 2 documents) and has also improved its packaging (even beating P&G on what the cover effectively tells). P&G is vague on governance matters while the Anglo-Dutch group goes into detail. When placed side by side, they offer a true illustration of the difference between style and substance (compare e.g. operating, segment, historical and remuneration data). And between an A- and a B-rated report.

ELECTRONICS: PHILIPS VS SONY VS SIEMENS
 Philips has kept on building up a two-step operating and financial review that is so clear and thorough that... it has been increasingly copied by its close competitor Sony, which goes further on disclosure than most Japanese reports (share and board details up), but makes its second document an unpleasant read. Siemens' operations and segment reporting is far from optimized, where Philips and Sony are on a (high-level) par. Philips and Sony chart, Siemens not. Sony shows functionalities (e.g. insightful management Q/A), Philips has functionalities (e.g. product display), Siemens really needs a function-key.

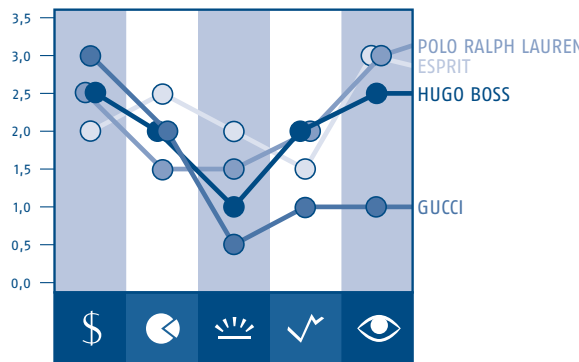
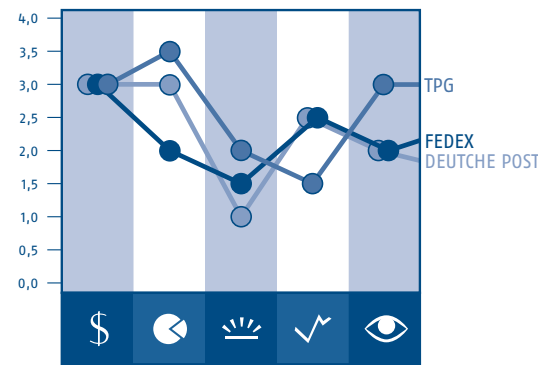


SPORTING GOODS: NIKE VS ADIDAS-SALOMON
 Converse. Nike is a sprinter: easier to carry, reads faster and goes back in time. Fine, but the German competitor is a stronger long-distance runner: goes deeper, reads smartly (yet it remains lively), and looks forward with year targets. Still, and while emulating the bad illegible 10-K habit, the Beaverton-based company is among the rare U.S. reports (still) showing ROA, inventory turns and current ratio as "selected data". But this lies behind the way Adidas-Salomon explains -and charts- items such as net borrowings, backlog, currencies, etc. Where is Reebok (report)? Outclassed (turned a flat 10-K).

INDUSTRY BENCHMARKING

MAIL AND LOGISTICS: FEDEX VS DEUTSCHE POST VS TPG

How has TPG report outstripped its -bigger- rivals? By delivering it quicker than all, covering it with class, making it more stylish than the unhandy German parcel, nurturing it twice as much as Fedex (or UPS) on operations, and, though not perfect, sharply improving on financials. Still, Deutsche Post sometimes tells further (but not on/from management). Main Fedex pluses? Clarity, MD&A, statistics. UPS falls behind. Nippon Express is a tired slow runner. And La Poste was not on strike but simply not selected (non-listed).



FASHION: HUGO BOSS, ESPRIT, POLO RALPH LAUREN, GUCCI

Why is the leading luxury goods LVMH (ranked N°186 in 2002) not competing? Ask the person in charge of mailing the annuals. From the number -and thickness- of pages printed (and far from best employed), it seems that Hugo Boss and Gucci roll in the money. The latter is pretentious and often hollow, although also the most analytical on operations and financials. Followed on this by the shorter yet informative Ralph Lauren's MD&A (the rest is stylish and superficial). Hong Kong's Esprit needs less footage, which makes it ready-to-read (accessible key data, nice charts). On the whole, Boss is a more balanced exercise, despite its very basic management data and an access to contents not made easiest. Check also the not that skin-deep Limited Brands (Victoria's Secret).



AEROSPACE: BOEING VS EADS

Star wars? Nope. But a gunfight somewhere between Schiphol (or is it Paris?) and Chicago (or is it Washington?), expected by industry analysts as well as report -and other- watchers. For those who don't know yet, EADS stands for European Aeronautic Defence and Space Company, i.e. the manufacturer of Airbus, with three apparent HQs and one head office that is not in Bermuda. Though far from most communicative, the "enterprising" Boeing flies higher and lands better on financials than the "Eurofighter" who is plainly descriptive. EADS is clearer on business segments and Boeing better on product display: this evens things up. EADS' dashboard is short on historical and share data, and Boeing has many shortcomings. Boeing states, EADS charts. Boeing shows typical American, while EADS looks... like a British document, both not being that souped-up, also because of the clouded skies.

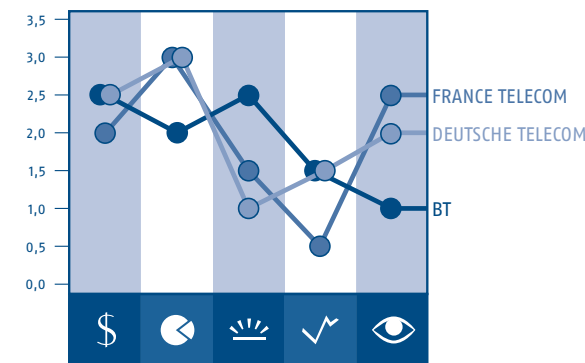


INSURANCE: ALLIANZ VS AXA

Two of the largest insurance groups (Allianz's assets are worth \$ 1,000 billion, Axa above \$ 500 billion) keep on packing heavy reports, seeming to make volume (of assets and report) a key identity feature. Logical after all these years, isn't it? For years Axa has stuck to its user-unfriendly printing of the 20-F form, a latecomer in more than 300 pages. Who can -and want to- read that is still a mystery. Allianz is a bit lighter in (paper) weight, bundled it with a corporate responsibility magazine, and did it clearer on business and geography. Management information is ahead at the French's. None of them considered illustration useful. Financials are short in one, hazy in the other.

FOOD AND BEVERAGE: DANONE VS SARA LEE VS NESTLE

The French maker of Evian and Lu owes its superiority to brilliant and brimming key figures followed with an outstanding division review: growth (factors), products, figures, margins, and most of what a good analyst wants to find is in the basket. Danone has also been leading the -lagging- French pack on governance and human resource management and wraps it with freshness. The American producer of Douwe Egberts -and Dim- has kept its strong points (performance and goals, financial review, to-the-point on segments) but lost both some sparkle and a bit of competitive report advantage versus improving peers. The Swiss supplier of Vittel and Nescafé now gives good food for thought (separate social report, improved governance) and for readers (products, stats...). But still doesn't spill so many beans about stock.



TELECOMS: BT VS DEUTSCHE TELEKOM VS FRANCE TELECOM

The bubble got pricked. And then came efforts from an industry that seemed to have long ignored some basic reporting requirements. Flows were in, cash flows were out. Times have changed. Besides its worthy highlights and despite its far-fetched illustration, DT is falling (from N° 15 last year) but is still ahead of its peers for the quality and quantity of business data. Not that surprisingly, FT lags on stock (meager!) and governance. It makes it more vivid, except for that tedious financial section. BT has kept up producing one of the most boring annuals -even the numerous to-and-fro are not a thrill (maybe by design)- that scores higher on directors' information. Compare also with the higher ranked Telus from Canada.

COMPANY REPORTING

AN A-Z REPORT CARD

FORM 20-F: NOKIA (Finland)

"Nokia Form 20-F 2002" (Front cover).

We repeat: An unreadable, uncommunicative, unsightly, unaddressed Form 20-F (or 10-K) does **not** constitute an annual report. And the second document ("Nokia in 2002") – apparently not mailed to everyone – barely makes up for that. In spite of its business, Nokia is another case of rise and fall both on financial information and investor communication – even stock charts have been trashed. A real disappointment after years of fair reports. The website? Doesn't fully make up.

GOVERNANCE BILD: AXEL SPRINGER (Germany)

"Axel Springer Verlag has committed itself to comply with the German Corporate Governance Code in future. An **indication** of even more **transparency** in the management of our company." (Postscript to the CEO's Foreword, p 5).

Indication? Governance is only just a lip-serviced half-page section on p 29.

Transparency? Board details are not even provided. And for remuneration, perhaps "Bild Zeitung" should investigate.

HEALTH: BHP BILLITON (Australia-UK)

"This is the first consolidated report by BHP Billiton on our health, safety, environment and community performance... Over the past year our activities have been focused on putting this **policy into practice**... We remain committed to open and honest reporting..." (Message from the Chief Executive, p 1). One of the only Asia-Pacific companies in this year's sample to have produced a separate "Health, Safety, Environment and Community Report". Entitled "**Policy into Practice**", it begins with the company charter backed with a target score-board that goes from legal compliance (and the number of fines) to environmental incidents, from waste minimization to land management, etc. An interesting Performance Summary, nurtured with useful charts, is followed by a string of lively and finely illustrated geographical Case Studies.

IMAGINATION: GENERAL ELECTRIC (U.S.)

"**Imagination at work**" (Watchword on report back cover).

Imagination? At long last GE has decided to redesign its annual report. Result: it looks like a partly achieved IBM report, for better or worse. No wonder, as it was designed by the same agency. Result? The MD&A has gone from communicative to basically informative – and tedious. Is this a "Six Sigma" idea?

INTERNATIONAL SALES: GATEWAY (U.S.)

"**International sales** were 0% and 9% of total net sales in 2002 and 2001, respectively." (Results of Operations, p 22). No explanation provided, yet we are in a management "analysis". And if you want to compare with previous year(s),

steeple-chase over successive year-on-year comparisons... and take your calculator e.g. to check that **international sales** reached... **15%** three years before. But let's be fair, a long restructuring chapter follows on p 28.

LACK OF POWER: SCOTTISH POWER (UK)

"**Getting things done**" (Title on report cover)

The motto apparently didn't apply to the design (only?) job. Packed as a wholesale item, with no wind (or other source) power, weak adorning pictures, fuzzy statements (check e.g. the profit and loss account (p 63) and those hair-scratching segmental data (p 65)!

In short, a report lacking in power.

LONG-TERM VALUE: PORSCHE (Germany)

"It is self-evident that many companies still give priority to the **long-term** increase in their value... which may require patience and persistence for many years; Porsche is one such company, and endeavors to pursue such a policy regardless of all fashionable trends. However, **short-term** performance has acquired more importance recently, based on quarterly balance-sheet figures and therefore on hectic value assessments of at best limited value." (Chief Executive Officer's statement, p 4).

Long-term? Equity in 1993: euro 197.2 million. In 2002: 1,466.8 million. Cash flow over the same period from negative to euro 781.5 million.

Want **short-term** too? Net income + 40% in one year. And check out dividends.

Porsche's CEO statement takes and makes a timely stand.

MAJOR CUSTOMERS: ONEX (Canada)

"Most Onex companies have **major customers** that represent more than 10 percent of annual revenues." (Risk Management, p 45) Note 24 provides the information needed: "**Significant customers** of operating companies and concentration of credit risk." Not so many companies in so many industries disclose such **customer** information so clearly. This also underlines – and reinforces – the quality and clarity of the financial review published by the diversified electronics Canadian group, who puts many so-called blue chips, from manufacturing to services, from New York to Tokyo far behind as regards that key report item.

MATERIAL INTEREST: UTCHISON WHAMPOA (Hong Kong)

"**Interest in Contracts**."

No contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or a subsidiary was a party in which a director had a material

interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year." (Report of the Directors, p 79).

Then follow 7 (seven!)... no, no, no deadly sins, but pages of... "**connected transactions**". The chairman's name is Li Ka-shing, and not Sarbanes or Else.

MISSING PICTURE: KODAK (Eastman Kodak) (U.S.)

"Eastman Kodak is the world leader in helping people take... and **enjoy pictures**" (Company profile, inside front cover).

The only **photos** in the 124-page documents are low-quality identity-card portraits of the board. A designer aptly named "Calm & Sense Communications" is referred to. They certainly didn't help making the document **enjoyable**.

MONEY FOR NOTHING: VIACOM (U.S.)

"... please note that Viacom's annual report is its Form 10-K... No separate "**glossy**" report is produced." (Letter accompanying the "report". Not dated. Not signed. Headed "**Investor Relations**").

Should we understand that all the **gloss** is for Buffy only? Read further:

"Viacom Inc. has not declared cash dividends on its common stock for the periods presented above and has no present intention of so doing." (p 11-1).

The owner of MTV, Paramount Parks and Blockbuster, chaired by the same guy for more than fifteen years probably just wants to show that they're not throwing too much money away in order to pay something soon.

Fine, but please, neither name that communication nor "**relations**"!

ONE SEGMENT: FOREST LABORATORIES (U.S.)

"The Company operates in **only one segment**." (Note 3, p 30). **Only?** Really? Do "**primary therapeutic markets**" and "**principal marketed products**" referred to in... inside front cover belong to one segment?

OPEN DIALOGUE: THYSSENKRUPP (Germany)

"An **open, ongoing dialogue** is the cornerstone of our capital market communications. Our aim is to reduce information asymmetry between company and capital market." (Nicola Haase, Manager Investor Relations, p 51).

Open and symmetric: clear sections – and segmentation –; enhanced disclosure on remuneration; fair MD&A; useful index, glossary... and even a pocket financial calendar glued. Price to pay? A heavy 258-page document built for very patient readers, with business segments analysis beginning only on p 118, and the last image on p 114.

COMPANY REPORTING

OPERATING PERFORMANCE: ROLLS-ROYCE (UK)

"Against a background of challenging market conditions we have delivered **profit** in line with the guidance provided on October 19, 2001. We... have achieved a **strong operational performance** with significant improvements in working capital **management**." (Sir John Rose, Chief Executive, in the announcement of year results published in the "Financial Times", March 5, 2003).

Profit before tax was down to £255m from £475m.

Strong operational performance? Sales decreased by 8.5%... and operating profit is not displayed! Well, the order book increased. **Management?** We suppose it now means managing "guidance", another fad for "profit warning".

"This performance... confirms our business model and our ability to... deliver **shareholder value**." (end of the published statement) **Value?** Earnings per share fell from 20.20p to 11.10p...

PERMISSION DENIED: TYCO (U.S.)

Fiscal year-end: September 30, 2002.

"Earnings Releases" or "Events Calendar" on the website did not refer to it by mid-January 2003, i.e. more than three months after the fiscal year-end. At that date it was impossible to request the first post-Kozlowski report via the website or e-mail. The latter received the following reply: "Your message to Investor-Relations Email – Subject: Annual Report Request – did not reach the following recipient(s). The message could not be delivered because you do not have create **permissions** on this folder or it is only available to folder owners at this time." **Permissions:** doesn't this sound weird in the context? And is that supposedly renewed transparency behind a shower curtain or what?

POST-ENRON: AIG (American International Group) (U.S.)

"We encourage all readers to read this Annual Report, as it is an **important** document that outlines the financial and operating achievements of AIG. It is a **lengthy** document, and we have made a number of changes in format and content to assist you in better navigating the report and understanding the company." (Inside back cover).

A good way to show how **important** a report is: **lengthy** (172 pages) but still digestible, rich in **content** but communicative, lively but not evasive (e.g. on asbestos claims), conservative but dynamic too. Reassuring, at least as far as reporting is concerned. An example of action taken in the post-Enron times.

COMPANY REPORTING

AN A-Z REPORT CHECK

RECONCILED: AMERICAN EXPRESS (U.S.)

"GAAP Basis to Managed Basis **Reconciliation** - Effect of Securitizations" (p 37).

That 3-time 3-year table will certainly not **reconcile** the readers -forget the analysts!- with supposedly more efficient accounting and reporting systems.

Another interesting exercise in this report is to... **reconcile** the various ROEs (plural) shown.

REPUTATION: MERRILL LYNCH (U.S.)

"Today, we face new challenges -geopolitical, economic and reputational... We have done our best to serve our clients and, always, with their **best interests** at heart."

(Chairman's message, p 4). **Reputational** indeed.

Report **2001** (last year): "Net **operating earnings** -a measure considered relevant by management in comparing current and prior year results..." (Footnote to Financial Highlights, p 2). Consequently, a "leader in wealth management" went for using the **operating** profit as a measure against equity, contrary to one of the most used -and indisputable- ratios, which is based on net profit. The... net result was of course to increase the ratio. Even Enron was not advised to do so! Report **2002** (this year): The footnote has vanished... and that good old ROE is back! And, of course -or is it because?- higher... **Best** interests? Best measures? Best investment (bankers)? Best analysts? Let's face it, "the loss of investor confidence [converged] to form a volatile environment." (p 1).

RETURN: WEYERHAEUSER (U.S.)

"It's a company focused on maximizing the **return** on every dollar invested in us." (Letter to Shareholders, p 1).

"Percent earned on shareholders' interest" (company's definition for **return** on equity) was the lowest in ten years, reflecting a longer decreasing trend. But it's also true that the market price has showed much more stability these last five years than for hundreds.

REWARD: WPP (UK)

"How we **behave**" (pp 68-74).

Making a directors' and **governance** report an almost pleasant read is a feat. Achieved here.

"How we're **rewarded**" (pp 78-91).

Directors' **remuneration** is a 13-page chapter that of course encompasses salary and fees, directors' interests and share plans, but also the equity acquisition plan, a charted comparison of fixed and variable remuneration, notice periods, and more. Informative and transparent, that is.

Is it a flip side or another sign of the times, or both? The operating and financial review -not entitled "How we perform"- is shorter than the remuneration chapter. And historical data or ratios are a rare commodity.

RIGHT THING: BOEING (U.S.)

"Good corporate governance -in the **truest** sense of the term- means a fierce and abiding commitment to doing the **right thing**." (Phil Condit, Chairman, p 16).

True? Don't many consider that governance is about doing the **things right**, while doing the right things is about leadership and management.

That said, the aerospace giant explains more on the subject inside its report than thousands of U.S. companies who've just gone for bowing to the newest requirements.

"More **balance** means greater stability, strength and agility." (Chart, p 3).

To back this, a chart shows 47% of revenues from defense systems in 2002, against 20% five years before. The **right balance?**

SECURITY: SYMANTEC (U.S.)

"Symantec provides a broad range of content and network security software..." (p 2).

And what kind of annual report does it provide? A plain Form 10-K wrapped in yellow not even containing real directions.

Why naming that "annual report"? And please don't name this investor **relations!**

SHAREHOLDER VALUE: ORACLE (U.S.)

Report **2001** (last year): "Oracle will not be producing hard copies in response to our cost savings goal... This will decrease printing and mailing costs, and increase shareholder value." (Letter signed by Lawrence J. Ellison, CEO).

Report **2002** (this year). Don't look for it, even a 10-K was too expensive to send. Where to find corporate information then? On the web, and in the media.

What's news? "You will not be forced to convert to Oracle E-Business Suite applications." (line 2). "If and only if you elect to do so, you may move to the Oracle E-Business Suite via free module-for-module upgrades." (line 7 of "Oracle's Public Commitment to PeopleSoft Customers", BusinessWeek, July 14, 2003). A jesuitical masterpiece, isn't it? One of the biggest corporate lies read -and paid- these last years: Got it, Saint Larry, buying is probably better -and easier, for some- than reporting. Then come digesting. Report **2003** (next year). We bet there'll be one report. The sinner-and-saint type, for sure.

SHORT-TERMISM: NORTEL NETWORKS (Canada)

"2003 First **Quarter** Shareholders Report" (Report title).

This is what we have received after having requested an annual report. It exemplifies the disastrous effect of the tyranny of **quarterly** reporting, with last quarter and quarter

comparisons standing as a "substitute" for annual analysis and the long-term perspective. Never mind: forward-looking statements and risk factors occupy much more space than the quarter-driven MD&A. Want to know more? The company has probably turned virtual, with no single direction inside, except a www.something, of course!

Was it worth 84 pages of chlorine-free and acid-free paper for US\$0.01 earnings per share?

The last good Nortel report was in 1997 (ninety-seven!). Then came a big acquisition. Then came the bubble. Then came 3-G promises. Then came the debt -and related investment bankers. Heard that tune before? One of the worst examples of where quarterly reporting -and **short-termism**- can lead.

SOCIAL RESPONSIBILITY: TPG (Netherlands)

"**Hunger** is the world's most profound logistics problem. But with our people, resources and knowledge, a logistics company such as TPG can help -and that's what we are going to do." (p 8). Problem.

Answer: "In developing TPG's partnership with the United Nations World Food Programme, members of the TPG Board of Management travelled to Mozambique to see for themselves what's happening in regions where food is scarce and to devise a plan for how TPG can help." (p 68).

Walking the talk -literally.

THINK LOCAL: PPG Industries (U.S.)

"... PPG has 113 manufacturing facilities and equity affiliates in [23 countries listed]." (At a Glance, inside front cover).

Why then reporting (late) four **segments**, i.e. U.S., Europe, Canada, and an "Other" which is not defined and weighs more than Canada? And by the way, why "England" instead of UK, and not in such a case Holland for the Netherlands (improper). This reminds us a tune: "Don't know much about geography... What a wonderful world...". Think local...

UNSEGMENTED: MICROSOFT (U.S.)

"In fiscal 2003, the Company will begin reporting the following **operating segments** [...] These changes are designed to provide a comprehensive end-to-end financial view of Microsoft's key businesses..." (p 19).

A list of 7 **segments** is given. At long last, the Redmond giant recognizes what we had pointed out for years -and what never seemed to be that much an analysts' concern. Apparently, three segments of which one making up 84% of revenue were "true and fair" enough for GAAP, Wall Street, and ROW -we mean the "Rest of the World" segment of course.

Eric D. Rudder is "Senior Vice President, Developer and Platform Evangelism" (p 59).

With a "Chief Software Architect" (quote) stating that the

antitrust lawsuit is "a tough but reasonable compromise that is good for the industry, good for consumers, and good for the economy." (p 11), the next logical step is Mr. Gates turned archbishop...

VORSTAND: COMMERZBANK (Germany)

"Corporate **Governance**" (Title of a box, p 11).

Looks here like an afterthought. To cap it all, the "Sprecher des Vorstands"'s statement is an inserted page! Historical and board data are hard short. Was bedeutet **governance**?

WIENER SCHNITZEL: TELEKOM AUSTRIA (Austria)

"Corporate Governance. Sarbanes-Oxley Act strengthens corporate **governance**" (p 16).

"Telecom Italia's exit used to strengthen corporate **governance**" (Fast Facts... p 16).

Meisterwerk of Vienna's humor -usually good? The rest is just a summary of an act written by two guys who would haven't been known beyond state borders if only Enron etc. Ach, ja, there's also a report by the supervisory board that is followed by... an introduction by the same supervisory board.

INDEX

Go to the index on p 1 to check if/where the above company reports rank.

**IN SEARCH OF -REPORTING- EXCELLENCE?**

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REPORTEDLY

REPORTEDLY

HOW REPORTS ARE SELECTED, ASSESSED, RATED AND RANKED

FILTERING

RANKING

(global top 200)

RATING

(A+ to C-)

Independent rating panel

REPORT SCORING

(0 to 20 marks)

REPORT EVALUATION

(5 categories of criteria)

REPORT COLLECTION

COMPANY SELECTION

(based on: position, performance, presence, peers)

Were considered for selection: 1,000 listed companies.

Are not considered for selection:

- Privately-owned companies (except those electing to compete)
- Investment funds or trusts
- Stock exchanges with a listing
- Purely government-owned companies
- Central banks
- Development or reconstruction banks or financial institutions
- Public agencies
- Reports for a fiscal year before 2002

Notes. Any company –even not listed or planning a listing– may submit its report for rating. However, the report will be subject to the same criteria as the ones applying to listed corporations. Selection or submittal do not guarantee scoring, rating and final ranking. Except of course for report mailing costs, participation to the survey is free of charge. The use of e.com evaluation services is no prerequisite to rating or ranking. We view these two latter conditions both as a guarantee of independence and as an equal and fair treatment.

EVALUATING

1. FINANCIAL REPORTING

(Total: 4 Marks)

- 1.1. Dashboard: highlights and use of charts
- 1.2. Financial review or MD&A
- 1.3. Segmentation and contribution analysis
- 1.4. Long-term performance. Growth and ratio analysis

2. REVIEW OF OPERATIONS & BUSINESS ISSUES

(Total: 4 Marks)

- 2.1. Bird's eye view: profile, year overview, key facts
- 2.2. Review of operations
- 2.3. Main sources of revenues and major geographic markets
- 2.4. Other issues reported, incl. R&D, social and environmental, responsibility

3. EXECUTIVE STATEMENTS, STRATEGY & GOVERNANCE

(Total: 4 Marks)

- 3.1. Chairman/chief executive's statement
- 3.2. Past, ongoing and future corporate strategy
- 3.3. Board and management background and details
- 3.4. Corporate governance, interests and remuneration issues

4. SHARE INFORMATION & INVESTOR COMMUNICATION

(Total: 4 Marks)

- 4.1. Changes in earnings and dividends
- 4.2. Historical share price, value, fundamentals reported
- 4.3. Investor information section and details
- 4.4. Risk management and other influencing factors

5. VISUALS, DESIGN & LAYOUT

(Total: 4 Marks)

- 5.1. Report covers
- 5.2. Report packaging, layout and structure
- 5.3. Illustration
- 5.4. Differentiation, identity and creativity

TOTAL SCORE (Maximum Total: 20 Marks)

Important note about scoring and rating. Only the rating is made public. The score is disclosed only to companies via a QUICK REPORT SCAN which is an enhanced edited version of e.com's extensive internal research, also containing report strengths and weaknesses. See other section for details.

JUDGING

'Enterprise' in the past and enterprise.com now have been unyielding followers of what Horace Greeley (the 19th century American journalist) summed up as the drive of his practice: "Ever independent. Never neutral". Which we've found a good way to deliver report value towards company value in analysis and consulting. Nothing's perfect. So we have been striving to enhance this by setting up a report rating panel, composed of report experts and a few e.com consultants. The primary role of the rating panel is to produce its own assessment of a number of reports ranked, based on the criteria used by e.com. This serves as a double-check, validation or invalidation of e.com consultants' evaluation. Panelists were asked to score and rate dozens of reports received before late-June. They were also consulted for the selection of reports doing better or best (category winners and awards). For logistical reasons –from report drip-feeding to survey publication timing– the panel for 2003 was organized on a remote basis.

The rating panel is international, which we think offers both the necessary multicultural perspective and a guarantee against national preferences and cultural bias (sometimes turning into arrogance) that still tend to affect report practices despite the increasing market globalization. It is also multi-disciplinary.

Panelists must judge as much as possible independently of their company positions and e.com's scanning and scoring process. Therefore, panelists who come from a company whose report is selected or ranked or have it as a customer or partner are not allowed to assess or submit their own or client's report or the ones of related companies, as well as the ones of close competitors. Panelists' votes are not publicly disclosed.

e.com is and may be held as the sole responsible for the final ranking, as well as related comments, and picks on various report items categories.

AN INTERNATIONAL REPORT RATING PANEL

Björn Bergstrand

President and founder of BBD Financial, a communications consultancy that specializes in financial marketing, investor relations and corporate communications for financial services companies. Clients include "Invest in Sweden" agency (responsible for attracting foreign investment to Sweden), the Swedish Trade Council, as well as listed financial and construction firms. Björn has a M.Sc.B.A. from the Göteborg School of Economics. Prior to starting up BBD Financial in 1998, Björn worked in corporate finance at Saab and was a consultant at Intellecta, one of Sweden's leading corporate communication agencies.

Ute Bode

Was born in Leverkusen in 1964 and studied German and English at the University of Cologne (Köln), where she earned her Master of Arts. She joined the communication department of Bayer AG in 1990. In 1992 she became head of the "Brochures and magazines" department and has been jointly responsible for the company's annual report since 1994.

Vero Escarmelle

A corporate and market communication specialist, Vero was a manager at The Enterprise Group, for which she took part in the launch of the corporate and financial reporting business that was spun off into e.com in 1999. She has stayed as a permanent e.com consultant ever since. She has a 10-year experience in annual reports, incl. five years of annual report coordination and supervision in the financial sector. Her record includes a three-year stint as an office manager for a U.S. company in the electronics industry, and marcom advice towards Southeast Asian markets.

Kaevan Gazdar

Kaevan Gazdar is in charge of reporting at HVB Group (Hypo-Vereinsbank), Germany's second largest bank and Europe's largest real estate financier. He joined Vereinsbank in 1994 and has been responsible for reporting ever since. The annual reports of HypoVereinsbank have won a number of awards in Germany's business media. Kaevan is the author of books on annual reports, incl. "Geschäftsbericht ohne Fehl und Tadel". He was also responsible for the "Equity Story" segment of the study "Best Practice in International Investor Relations" (2002). Kaevan is active as a speaker in Germany and abroad.

Mike Guillaume

Was a co-founder and executive director of 'The Enterprise Group' (est. 1986, inc. 1990, offices in Brussels and Dallas), a consultancy that formulated more than 600 business plans and financial reports. He set up the reporting unit and co-created the "Annual Report on Annual Reports". In 1999, he led the spin-off that resulted in e.com, now a division of Corporate Essentials, Inc. (U.S.), of which he is a director. An economist and financial information specialist, Mike worked first as a consultant for the U.S.-based Proudfoot corp.

Paul Langsford

Paul is an expert in annual report design. He was formerly managing director of MPL (Michael Peters Literature) and Addison Design (London), both leading players in the field of corporate publications design, before setting up his own consultancy in 1995. Over the years he was worked with many

REPORTEDLY

leading businesses, incl. Amersham, BT, Boots, Fiat, GUS, Marks & Spencer, Tesco and Tomkins. Paul is now the managing director of Langsford Corporate Design.

Henner Lappe

PhD, co-founder of Com.factory and partner/member of the board of Trimedia Communications Switzerland AG. Henner has comprehensive experience in marketing research and communications. He has a more than 10-year track record in company internal and external functions regarding concept development, implementation and assessment of annual and corporate reports, incl. for a number of renowned Swiss companies.

Dennis Larsen

Joining the Reputation Institute after receiving his MSc in Economics from the Erasmus University in Rotterdam, Dennis has been involved in various reputation management and corporate communication projects. He has conducted extensive research on investor relations with the Rotterdam School of Management's Corporate Communication Centre and the Rotterdam Institute of Financial Management. He presented a paper about the influence of investor relations on corporate reputation at the Reputation Institute's 6th Annual Conference in Boston.

Other European and North American reporting experts and investment specialists whose names are withheld by request were also consulted.

RATING

- A+** World-class output. Substantial (information content), sound (higher financial and operations reporting standards), and stylish (communication level, identity vehicle).
- A** First-rate. A benchmark on some key reporting features (financials, operations, investors).
- A-** Superior report. Just missing a few sub-ingredients to hit the (full) marks.
- B+** Fair, well-balanced and solid international report standard.
- B** The average report. Commendable, at least on some elements. Not more, not less.
- B-** Could-do- or did-do-better document, lacking in financials or operations or visuals.
- C+** Basic. A few positive features, but too many gaps to be really convincing.
- C** Mediocre. Reporting job handled as compliance-only or a necessary evil.
- C-** Lowest international reporting standards. Insubstantial, insufficient, insipid.
- D** Are there D-rated reports? Sure!

Although the rating derives from the scoring, there may be some differences between some marks and the final rating. Dozens of reports often score the same, sometimes on each criterion. This year's ranking is no exception to that, as a natural output of the scoring and rating practice developed at e.com and for the panel. With some evaluation criteria made tougher –or checked up more deeply– and an ever-demanding environment (really?), numerous reports saw their marks down, while others were marked up. Another trend is the homogenization of report(ing), which incidentally often results in uniformity and identity dilution. The larger number of companies selected (twice as many as in 1999) and of reports compared is another aspect, and one that makes the report market arena more fiercely competitive.

The combination of all those factors doesn't facilitate the assessment. A rating process is about grading and thus also upgrading or downgrading. And sometimes somewhat correcting the more accurate score for reports: for one key plus point, a special item, continuing efforts shown over the years, a clear competitive advantage (in an industry or across the board), or other reasons. Consider the score difference between top 10 reports which is 1.5 marks according to our criteria, or even between N° 1 and N° 40: 2.5 marks only. On the whole, the overall marks of reports ranked have kept on increasing, seeming to reflect a higher commitment to the quantity of information and the quality of documents (two different issues, by the way). More than 1/3 of annuals ranked may be considered, at least according to e.com's criteria, as "fair, well-balanced and solid by international report standards". The bottom 25 of reports ranked five years ago were rated C+ or C. While this year's N° 200 still receive a B- mark. Still, 1/3 of all reports received are rated C+ to C- or the infamous D.



REPORT CHECKUP?

Why did your report rank there? Or didn't rank? Would you like to know how your annual report scores on all evaluation criteria? Order a QUICK REPORT SCAN for US\$ 400, Euro 350 or £ 250 (price valid until Dec. 31, 2003, invoice sent with scan report). Besides the score breakdown, it contains edited remarks resulting from our desk research and a meter of strong and weak points. Order? Just e-mail e.com@sit-com.net