

Annual Report / Financial statements / Company profile / Investor information / Stock price / Income statement / Compliance / Message to shareholders / IFRS / Corporate responsibility / Management discussion and analysis / Calendar / GAAP / Volume / Notes to statements / CEO / Influencing factors / Corporate governance / Year events / Balance sheet / Key figures / Sarbanes-Oxley / Earnings per share / Forward-looking statements / Online / Form 10-K / Selected financial data / Strategic direction / Biographies / Paper / Contact addresses / Layout / Charts / Cash flow statement / Shareholdings / Dividend / Board of directors / Segments / Photography / Business overview / Annual meeting / Cover / Accountability / Form 20-F / Quarterly figures / Operating and financial review / Chairman's statement / Corporate identity / Accounting policies / COO / Leadership / Index / Theme / Market position / Highlights / Statement

Annual Reports Annual Reports

Statistics / Fundamentals / Visuals / Performance measures / Annual Report / Financial statements / Company profile / Investor information / Stock price / Income statement / Compliance / Message to shareholders / IFRS / Corporate responsibility / Management discussion and analysis / Calendar / GAAP / Volume / Notes to statements / CEO /

Ratings



- A+ : World-class output
- A : First-rate
- A- : Superior report
- B+ : Fair, solid
- B : The average report
- B- : Just satisfactory
- C+ : Basic
- C : Mediocre
- C- : Lowest standards

IN this 9th edition* of the Annual Report on Annual Reports...

You will find As to the following Qs:

WHO makes TOP reports: The global top 200.

And also...

the **best ON** 5 sets of criteria: financials, business, strategy, investors, visuals...

the **best IN** 15 industries.

And: **WHO** is **DOWN** or **OUT**?

WHAT do they do? Issues in reporting: from good balance to bad governance, from the (over)weight to the www breakdowns.

And: **WHO** are the most called auditors, used designers, long reports?

HOW we do it: How we went from 1,100 international companies selected and thousands of pages (read or flipped through) to a top 200.

Best European annuals? e.com also joined forces with the London-based REAL IR magazine to publish the first ever rating and ranking of European annual reports. It is published in the summer issue of REAL IR. Call + 44.207 368 7100 or e-mail: editor@realir.net to get your copy.

It is named Report **Watch**. It is by **e.com**

And it's the most comprehensive survey and only global ranking of annuals.

* The limited report survey of 1996 is not considered as the first edition, as it was based on 50-odd companies in a few industries.

TOP

Best - HOW they make it

RANK	COMPANY
1	CIBC (Canadian Imperial Bank of Commerce) - Canada
2	TELUS - Canada
3	SCA - Sweden
4	TRELLEBORG - Sweden
5	WPP - UK
6	JAMES HARDIE - Australia
7	ADIDAS-SALOMON - Germany
8	DANONE - France
9	TNT (TPG) - Netherlands
10	CLP - Hong Kong
11	STORA ENSO - Finland
12	PHILIPS - Netherlands
13	WOOLWORTHS - Australia
14	ELECTROLUX - Sweden
15	SASOL - South Africa
16	NOVARTIS - Switzerland
17	SAS - Sweden
18	WIENERBERGER - Austria
19	SECURITAS - Sweden
20	BMO Financial - Canada

Quotations from the Report Watch independent Rating Panel. See further sections for selected excerpts and comments about other top reports.

1 CIBC (Canada)
 "Breaks new ground and could well become a role model for other companies to follow in the future."
 (Reg Pauffley)
 "The title 'Accountability Report' is here extremely apposite, as it stands for the broader view of both operating and financial success and of social responsibility. A superb combination of data for shareholders and stakeholders." (Kaeven Gazdar)

7 ADIDAS-SALOMON (Germany)
 "Apart from showcasing a dynamic product, the report presents management as inspired and determined in the highly challenging retail arena."
 (Ruth Arnold)

8 DANONE (France)
 "The only rapport français making top... 100 is an example of how style and substance, or more suitable here, packaging and content can meet. Magazine-looking, but also report-woven. Animated with ads, but also based on facts. Smartly illustrated, but also not lacking in most of the figures that are expected." (Vero Escarmelle)

TOP 20 reports

10 CLP (Hong Kong)
 "A rare blend of conversational headings and informative answers - with straightforward Qs and As throughout the documents. And who communicates so clearly about financial position, market prospects, and risk management? Not that many."
 (Mike Guillaume)

18 WIENERBERGER (Austria)
 "Has succeeded in taking a relatively unique approach by not taking itself too seriously and actually making fun of its core business -making bricks- in choosing its theme and tone of voice. A clever, yet never gratuitous, branding exercise, and a feat in positioning."
 (Dennis Larsen)

19 SECURITAS (Sweden)
 "A notch above the rest with full, open and clear disclosure. You want to read it from cover to cover. Transparency at its best: well structured, well written in plain language, also for the numerous ratios and the risk evaluation model."
 (Catherine Gordon)



Global Report TOP 200

RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING	RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING
1	67	CIBC	Canada	↑	A+	26	8	INFINEON Technologies	Germany	↓	A-
2	9	TELUS	Canada	↑	A+	27	22	ATLAS COPCO	Sweden	↓	B+
3	2	SCA	Sweden	↓	A+	28	21	ALLIED DOMECQ	UK	↓	B+
4	N/R	TRELLEBORG	Sweden	↑	A+	29	57	CATERPILLAR	U.S.	↑	B+
5	13	WPP	UK	↑	A+	30	61	BAA	UK	↑	B+
6	N/R	JAMES HARDIE	Australia	↑	A	31	51	M-REAL	Finland	↑	B+
7	5	ADIDAS-SALOMON	Germany	↓	A	32	54	VOLVO	Sweden	↑	B+
8	N/R	DANONE	France	↑	A	33	N/R	SCOTTISH POWER	UK	↑	B+
9	10	TNT (TPG)	Netherlands	↑	A	34	25	GFK	Germany	↓	B+
10	40	CLP	Hong Kong	↑	A	35	12	PEPSICO	U.S.	↓	B+
11	11	STORA ENSO	Finland	→	A	36	33	SEB	Sweden	↓	B+
12	3	PHILIPS	Netherlands	↓	A	37	N/R	LAND SECURITIES	UK	↑	B+
13	7	WOOLWORTHS	Australia	↓	A	38	32	BAYER	Germany	↓	B+
14	6	ELECTROLUX	Sweden	↓	A	39	46	BP	UK	↑	B+
15	N/R	SASOL	South Africa	↑	A	40	1	WELLS FARGO	U.S.	↓	B+
16	20	NOVARTIS	Switzerland	↑	A	41	19	HEIDELBERG	Germany	↓	B+
17	14	SAS	Sweden	↓	A	42	35	RLI	U.S.	↓	B+
18	N/R	WIENERBERGER	Austria	↑	A	43	15	HARLEY-DAVIDSON	U.S.	↓	B+
19	23	SECURITAS	Sweden	↑	A	44	N/R	ABP (Associated British Ports)	UK	↑	B+
20	27	BMO Financial	Canada	↑	A-	45	44	AUTOLIV	Sweden-U.S.	↓	B+
21	18	FOSTER'S	Australia	↓	A-	46	36	HOLMEN	Sweden	↓	B+
22	N/R	POTASHCORP	Canada	↑	A-	47	16	NORSKE SKOG	Norway	↓	B+
23	4	NOVO NORDISK	Denmark	↓	A-	48	43	SAPPI	South Africa	↓	B+
24	34	ANZ	Australia	↑	A-	49	62	SKANSKA	Sweden	↑	B+
25	17	ALCOA	U.S.	↓	A-	50	50	SARA LEE	U.S.	→	B+

Ratings

- 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.
- D- Lowest international reporting standards. Insubstantial, insufficient, insipid.
- D Infamous

Company

The name of the company is the one as referred to on the covers or as written or abbreviated in key report sections (mainly directions and executive statements). For legibility reasons, legal forms or words such as corporation, company, group, holding, etc. have not been reproduced. When more than one name seems to be in usage, both are written. Names do not take into account mergers, acquisitions or identity changes that might have occurred and been approved after the fiscal year-end or the report release. Only listed companies are considered for selection and report competition. However, except for the categories eliminated for non-comparability reasons (see How we do it), any company may submit its report for rating. In that event, it will be subject to the same criteria as the ones that apply to listed corporations.

2000

RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING	RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING
51	80	BUHRMANN	Netherlands	↑	B+	76	47	SABMILLER	UK	↓	B+
52	41	FEDEX	U.S.	↓	B+	77	79	3 I	UK	↑	B+
53	55	VOLKSWAGEN	Germany	↑	B+	78	39	CIBA Specialty Chemicals	Switzerland	↓	B+
54	66	BARLOWORLD	South Africa	↑	B+	79	N/R	SCOTIABANK	Canada	↑	B+
55	37	SKF	Sweden	↓	B+	80	90	CONOCOPHILLIPS	U.S.	↑	B+
56	N/R	ITT Industries	U.S.	↑	B+	81	99	SCOTTISH & NEWCASTLE	UK	↑	B+
57	74	TESCO	UK	↑	B+	82	64	UNILEVER	Netherlands-UK	↓	B+
58	N/R	BHP BILLITON	Australia-UK	↑	B+	83	N/R	AEGON	Netherlands	↑	B+
59	145	OCE	Netherlands	↑	B+	84	N/R	PLACER DOME	Canada	↑	B+
60	30	IBM	U.S.	↓	B+	85	31	AVERY DENNISON	U.S.	↓	B+
61	N/R	EADS	Netherlands	↑	B+	86	N/R	ROYAL BANK OF SCOTLAND	UK	↑	B+
62	N/R	RIO TINTO	Australia-UK	↑	B+	87	65	PEARSON	UK	↓	B+
63	73	HONDA MOTOR	Japan	↑	B+	88	123	GENERAL ELECTRIC	U.S.	↑	B+
64	84	DAIWA HOUSE	Japan	↑	B+	89	N/R	BARCLAYS	UK	↑	B+
65	56	VNU	Netherlands	↓	B+	90	59	NOVOZYMES	Denmark	↓	B+
66	121	GENENTECH	U.S.	↑	B+	91	88	GUS	UK	↓	B+
67	N/R	REUTERS	UK	↑	B+	92	71	UBS	Switzerland	↓	B+
68	N/R	WHITBREAD	UK	↑	B+	93	29	DSM	Netherlands	↓	B+
69	76	TOYOTA MOTOR	Japan	↑	B+	94	131	DELHAIZE	Belgium	↑	B+
70	86	JM	Sweden	↑	B+	95	N/R	SKANDIA	Sweden	↑	B+
71	49	SONY	Japan	↓	B+	96	175	METSO	Finland	↑	B+
72	52	ASSA ABLOY	Sweden	↓	B+	97	129	BCE (Bell Canada Enterprises)	Canada	↑	B+
73	45	HENKEL	Germany	↓	B+	98	110	ING	Netherlands	↑	B+
74	60	ASAHI BREWERIES	Japan	↓	B+	99	97	DAIMLERCHRYSLER	Germany	↓	B+
75	48	DEUTSCHE POST	Germany	↓	B+	100	N/R	CITIGROUP	U.S.	↑	B+

Country

Shows the country where the company is incorporated or headquartered, according to the report. A reference to two countries indicates double headquarters.

Documents reviewed

The Report Watch is based on documents received, and not on documents supposedly available or of downloads. Document availability and dispatching may vary significantly from one company to another: e.g. a financial report sent without an extra review or vice versa, a Form 10-K or 20-F with(out) proxy, a responsibility or sustainability report sent along or not. The fact that some companies do or do not include information in the document named here "annual report" may seriously impact the evaluation and its subsequent scoring. Volume statistics (see separate section) were calculated on the basis of documents received.

Report scoring and rating

Reports are rated from A+ to C- (see above). Rating is primarily based on a score from 0 to 100, with 4 marks for each of 25 report evaluation criteria. Besides the more ad hoc score that appears for industry rankings, the overall report score is not publicly disclosed. However, it may be obtained within a Report Scan ordered by any company or analyst. The rating may diverge from the scoring process (see below).

Ranking change

A report can rank higher for various reasons. It has improved wholly or partly on the previous annuals (provided those were received and are comparable). It was considered intrinsically superior on a number of criteria. It was judged more informative or communicative than peers in the same industry. It delivers more on renewed or refined

Global Report TOP 200

RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING	RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING
101	N/R	SHELL (Royal Dutch Petroleum)	Netherlands-UK	↑	B+	126	N/R	LOBLAW (WESTON)	Canada	↑	B
102	183	WALT DISNEY	U.S.	↑	B+	127	105	SHIRE Pharmaceuticals	UK	↓	B
103	N/R	UPM-KYMMENE	Finland	↑	B+	128	N/R	MORGAN STANLEY	U.S.	↑	B
104	N/R	DOMTAR	Canada	↑	B+	129	122	RWE	Germany	↓	B
105	42	KINGFISHER	UK	↓	B	130	N/R	VINCI	France	↑	B
106	134	PROCTER & GAMBLE	U.S.	↑	B	131	156	KAO	Japan	↑	B
107	N/R	YAMAHA MOTOR	Japan	↑	B	132	N/R	ESSILOR	France	↑	B
108	117	KIMBERLY-CLARK	U.S.	↑	B	133	130	BMW	Germany	↓	B
109	N/R	SWEDISH MATCH	Sweden	↑	B	134	N/R	FORTIS	Belgium-Netherlands	↑	B
110	184	GOLDMAN SACHS	U.S.	↑	B	135	135	ITOCHU	Japan	→	B
111	N/R	HYDRO (Norsk Hydro)	Norway	↑	B	136	104	ENTERGY	U.S.	↓	B
112	172	SAP	Germany	↑	B	137	58	ERICSSON	Sweden	↓	B
113	N/R	LIMITED BRANDS	U.S.	↑	B	138	N/R	RENAULT	France	↑	B
114	N/R	UNAXIS	Switzerland	↑	B	139	114	TEIJIN	Japan	↓	B
115	53	AKZO NOBEL	Netherlands	↓	B	140	96	KNIGHT RIDDER	U.S.	↓	B
116	109	GAMBRO	Sweden	↓	B	141	101	JOHNSON MATTHEY	UK	↓	B
117	N/R	FORD MOTOR	U.S.	↑	B	142	154	ALLIANZ	Germany	↑	B
118	95	SYNGENTA	Switzerland	↓	B	143	149	ASTRAZENECA	UK	↑	B
119	103	ISS	Denmark	↓	B	144	69	RBC (Royal Bank of Canada)	Canada	↓	B
120	193	SIEMENS	Germany	↑	B	145	111	ALTRIA	U.S.	↓	B
121	N/R	EXXON MOBIL	U.S.	↑	B	146	N/R	THOMSON	Canada-U.S.	↑	B
122	26	GSK (GlaxoSmithkline)	UK	↓	B	147	N/R	AES	U.S.	↑	B
123	192	NORDEA BANK	Sweden	↑	B	148	N/R	UCB	Belgium	↑	B-
124	N/R	SPEEDY HIRE	UK	↑	B	149	N/R	EXEL	UK	↑	B-
125	102	FORTUM	Finland	↓	B	150	N/R	PFIZER	U.S.	↑	B-

criteria than on the past ones. It received an upgraded external rating compared to the score resulting from e.com's internal assessment. It goes up just because others go down...

- **Industry ranking:** In some cases, reports may perform better or worse on the whole than on some reporting criteria, or in the global ranking than they do when judged solely against their industry peers in industry rankings. Discrepancies are due to the two-step process of peer-group and across-the-board assessment, and to reporting criteria sometimes adapted for and applied to industries.

- **Cautionary statement:** The ranking as well as the rating or undisclosed score are based on an evaluation of the company report and output and cannot be interpreted as such as an assessment of the company that releases the report. It does not represent directly an offer to buy, sell, hold or trade the securities to which the reports cited or ranked in this survey are related.

How reports were scored

The 5 sets of criteria entirely rebuilt in 2001-02 (and refined in 2004) have been maintained. The overall balance of criteria remains, too. Reports are now scored on a maximum total of 100 marks (instead of 50 for the previous scoring), i.e. 4 marks for each report item scanned. This means increased evaluation margins, better accuracy, and may occasionally result in differences in comparability with past scores.

A few report items have been modified or upgraded after having consulted with panelists and report specialists: from the content of key figures to the importance of stakeholder issues (enhanced in this year's survey), from the strategic direction to governance practice and remuneration figures (more emphasized), from risk factors to the read appeal. The total score or a score breakdown are never publicly disclosed. These may be obtained by companies or their advisers through an order for a QuickScan.

2000

RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING	RANK 2005	RANK 2004	COMPANY	COUNTRY	CHANGE	REPORT RATING
151	188	CASCADES	Canada	↑	B-	176	164	ABN AMRO	Netherlands	↓	B-
152	N/R	ANADARKO PETROLEUM	U.S.	↑	B-	177	126	INFOSYS Technologies	India	↓	B-
153	124	NESTLE	Switzerland	↓	B-	178	148	VEDIOR	Netherlands	↓	B-
154	N/R	METRO AG	Germany	↑	B-	179	160	McDONALD's	U.S.	↓	B-
155	161	REED ELSEVIER	UK-Netherlands	↑	B-	180	140	L'OREAL	France	↓	B-
156	N/R	STARBUCKS	U.S.	↑	B-	181	N/R	RTL	Luxembourg	↑	B-
157	N/R	REXAM	UK	↑	B-	182	N/R	TORAY Industries	Japan	↑	B-
158	N/R	NATIONAL GRID TRANSCO	UK	↑	B-	183	75	MUNICH RE	Germany	↓	B-
159	187	TYCO	Bermuda-U.S.	↑	B-	184	28	KELLOGG	U.S.	↓	B-
160	N/R	CADBURY SCHWEPPE	UK	↑	B-	185	N/R	WAL-MART Stores	U.S.	↑	B-
161	151	BAUSCH & LOMB	U.S.	↓	B-	186	77	JOHNSON & JOHNSON	U.S.	↓	B-
162	139	IOI Corp. Berhad	Malaysia	↓	B-	187	199	WOLSELEY	UK	↑	B-
163	116	E.ON	Germany	↓	B-	188	38	THYSSENKRUPP	Germany	↓	B-
164	N/R	HAGEMEYER	Netherlands	↑	B-	189	72	SINGAPORE AIRLINES	Singapore	↓	B-
165	147	AUDI	Germany	↓	B-	190	168	LUFTHANSA	Germany	↓	B-
166	170	PEABODY ENERGY	U.S.	↑	B-	191	169	UPS	U.S.	↓	B-
167	N/R	ANHEUSER-BUSCH	U.S.	↑	B-	192	N/R	SCANIA	Sweden	↑	B-
168	N/R	SANOMAWSOY	Finland	↑	B-	193	100	ABBOTT	U.S.	↓	B-
169	127	SCHERING	Germany	↓	B-	194	120	RECKITT BENCKISER	UK	↓	B-
170	83	BASF	Germany	↓	B-	195	N/R	ACCOR	France	↑	B-
171	N/R	INTRUM JUSTITIA	Sweden	↑	B-	196	N/R	SOLVAY	Belgium	↑	B-
172	150	DEUTSCHE TELEKOM	Germany	↓	B-	197	200	AHOLD	Netherlands	↑	B-
173	N/R	ABB	Switzerland	↑	B-	198	186	DEUTSCHE BANK	Germany	↓	B-
174	119	NTT DoCoMo	Japan	↓	B-	199	N/R	H.J. HEINZ	U.S.	↑	B-
175	167	UNITED OVERSEAS BANK	Singapore	↓	B-	200	136	ROHM and HAAS	U.S.	↓	C+

1. Financial & Performance Reporting (20 marks)

- > Key figures (access, content, comparison)
- > Charts, ratios, return indicators
- > Financial review
 - Management discussion
- > Segment and contribution analysis
- > Long-term performance
 - Growth factors

2. Operations, Business & Responsibility (20 marks)

- > Profile - Year events - Key products
- > Snapshot of business and geographic segments
- > Review of operations and markets
- > Stakeholder/social responsibility chapter or report
- > Statistics (operating, market, social, environmental measures)

3. Strategy, Leadership & Governance (20 marks)

- > Executives statement(s)
- > Strategic direction - Progress report - Outlook
- > Board and management details and changes
- > Corporate governance
 - Committees (reports)
- > Remuneration policies and figures

4. Share, Investor & Risk Information (20 marks)

- > Earnings and dividends (highlighted)
- > Share value and fundamentals reported
- > Shareholders - Shareholdings - Share pages
- > Statements, notes, accounting policies
- > Risk factors, analysis and management

5. Packaging, Visuals & Communication (20 marks)

- > Use of covers
- > Theme, message, style, identity, differentiation
- > Report packaging - Volume - Layout
- > Read appeal - Reading facilities
- > Visual route - Illustration

Bottom - WHY 20 blue chips don't do it

1 Boeing (U.S.)

"And sadly, the man who had started to turn the company around made a serious error in judgment," states the "Non-Executive Chairman". Surprisingly, the index doesn't include the word whistle-blower.

2 Credit Suisse (Switzerland)

Four documents and 508 pages in total: this is probably the meaning of "As big as Zurich". Postscript (indeed): "Sustainability 2004" is a 6-page leaflet. "Compensation" is even shorter, or we didn't find it?

3 Dow Jones (U.S.)

"By staying ahead of our competition..." "Now we're weaving business and the business of life". This report, made of lines and stripes and a not-woven 10-K, is not ahead of many. Down Jones.

4 Estée Lauder (U.S.)

See comments in Industry scorecard.

5 HVB (Germany)

"Return on equity after taxes (adjusted)": 4.9%. "Return on equity after taxes": (17.6)% are the very first key indicators. At least risk is better reviewed than operations. What about the

risks of multiple -and failed- mergers? Unicredito's bedside reading?

6 Inbev (Belgium)

"Annual Report 2004" goes PC -and dry. Nobody drinks beer anymore, at least on the covers. Nor does the board (p 36). But the hollow "Financial Report" is kicked off with a booze-up (not really). The rest is flat.

7 KPN (Netherlands)

"Always in touch" is the "theme". In touch with whom? 232 pages that exemplify today's worst reporting features: heavy, boring, poorly designed, diluting (and of course diluted).

8 Eli Lilly (U.S.)

"Reconciling items" occupy 50% of "Highlights", which, except the emphasis on R&D (rarely highlighted), are just basic. The whole report is more clinical than really analytical, and is poorly communicative.

9 Microsoft (U.S.)

"United States" and "Other countries" are the two geographical segments as defined by Microsoft (p 63), who can be forgiven because of its recent discovery of pertinent segmentation. And the chief architect doesn't even

care about report design anymore.

10 New York Times (U.S.)

See comments in Industry scorecard.

11 Nike (U.S.)

"Speed" is the drive. But getting the (financial) performance lowdown requires much patience and is not designed like shoes. Both content and wrapping don't differentiate. Used to strong statements, Phil is on the way out.

12 Nokia (Finland)

"Form 20-F" is the title. Just a form, indeed. For years the leading IT company has been used to publish uncommunicative annuals. The so-called "Report" (received much later) doesn't add much value, except for share items. Should the priority to web watchers be to the detriment of report readers?

13 Polo Ralph Lauren (U.S.)

"Seasonality of Business" (p 41). Good to mention it, but where are the figures to substantiate? The rest is not only fashionable but also predictable, superficial, and of course made of (permanent) restructuring charges and other "changes in accounting principles."

14 Qualcomm (U.S.)

What's the point in sending an "Interactive Annual Report 2003" (CD-Rom) five months after a fiscal year ended on September 30, 2004? Completely out of touch -after having shot up to N° 75 in 2000.

15 Rentokil Initial (UK)

Themeless, faceless, (almost) chartless. Headless?

16 Suez (France)

Sit down and just read up the indigestible "document de référence" (256 pages laid out by a certain Labrador). That seems to be the message from the huge French conglomerate.

17 Timberland (U.S.)

Takes a leaf out of Nike's book: similar format, an illegible 10-K inserted, made of 36 small pages. Still looking for segmentation.

18 Valspar (U.S.)

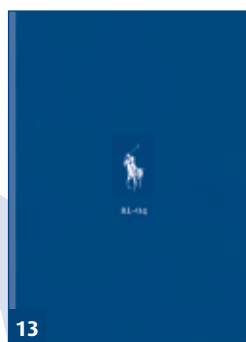
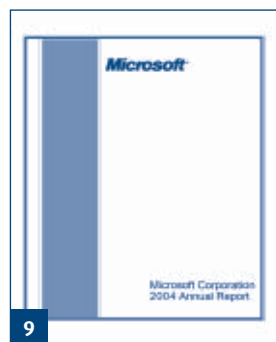
Some are definitely too long and too heavy. This is the shortest received this year: 24 pages. Painted with a broad brush, and scoring among the lowest on operations reporting.

19 Wolters Kluwer (Netherlands)

"Message from the Chairman" is another collection of clichés beginning with "promise" delivered on (really?) and of course "generating shareholder value" (EPS decrease). What follows is a very average edition.

20 Xerox (U.S.)

"It's Good Business" (ibc). Where "Social Responsibility" looks and sounds as an afterthought.



Note: The above is based on a spot check that is used as an illustration and may not reflect all report attributes. A judgment on a report does not mean an evaluation of a company. Size, reputation or performance do not necessarily mean good reports.

in

WELCOME

Who ranks where in 2005?

ABB (173) ABBOTT (193) ABN AMRO (176) ABP (Associated British Ports) (44) ACCOR (195) ADIDAS-SALOMON (7) AEGON (83) AES (147) AHOLD (197) AKZO NOBEL (115) ALCOA (25) ALLIANZ (142) ALLIED DOMECO (28) ALTRIA (145) ANADARKO PETROLEUM (152) ANHEUSER-BUSCH (167) ANZ (Australia and New Zealand Banking) (24) ASAHI BREWERIES (74) ASSA ABLOY (72) ASTRAZENECA (143) ATLAS COPCO (27) AUDI (165) AUTOLIV (45) AVERY DENNISON (85) BAA (30) BARCLAYS (89) BARLOWORLD (54) BASF (170) BAUSCH & LOMB (161) BAYER (38) BCE (Bell Canada Enterprises) (97) BHP BILLITON (58) BMO Financial (20) BMW (133) BP (39) BUHRMANN (51) CADBURY SCHWEPES (160) CASCADES (151) CATERPILLAR (29) CIBA Specialty Chemicals (78) CIBC (Canadian Imperial Bank of Commerce) (1) CITIGROUP (100) CLP (10) CONOCOPHILLIPS (80) DAIMLERCHRYSLER (99) DAIWA HOUSE (64) DANONE (8) DELHAIZE (94) DEUTSCHE BANK (198) DEUTSCHE POST (75) DEUTSCHE TELEKOM (172) DOMTAR (104) DSM (93) E.ON (163) EADS (61) ELECTROLUX (14) ENTERGY (136) ERICSSON (137) ESSILOR (132) EXEL (149) EXXON MOBIL (121) FEDEX (52) FORD MOTOR (117) FORTIS (134) FORTUM (125) FOSTER'S (21) GAMBRO (116) GENENTECH (66) GENERAL ELECTRIC (88) GFK (34) GOLDMAN SACHS (110) GSK (GlaxoSmithkline) (122) GUS (91) H.J. HEINZ (199) HAGEMEYER (164) HARLEY-DAVIDSON (43) HEIDELBERG (41) HENKEL (73) HOLMEN (46) HONDA MOTOR (63) HYDRO (Norsk Hydro) (111) 3 I (77) IBM (60) INFINEON Technologies (26) INFOSYS Technologies (177) ING (98) INTRUM JUSTITIA (171) IOI Corp. Berhad (162) ISS (119) ITOCHU (135) IIT Industries (56) JAMES HARDIE (6) JM (70) JOHNSON & JOHNSON (186) JOHNSON MATTHEY (141) KAO (131) KELLOGG (184) KIMBERLY-CLARK (108) KINGFISHER (105) KNIGHT RIDDER (140) LAND SECURITIES (37) LIMITED BRANDS (113) LOBLAW (WESTON) (126) L'OREAL (180) LUFTHANSA (190) McDONALD'S (179) METRO AG (154) METSO (96) MORGAN STANLEY (128) M-REAL (31) MUNICH RE (183) NATIONAL GRID TRANSOCO (158) NESTLE (153) NORDEA BANK (123) NORSKE SKOG (47) NOVARTIS (16) NOVO NORDISK (23) NOVOZYMES (90) NTT DoCoMo (174) OCE (59) PEABODY ENERGY (166) PEARSON (87) PEPSICO (35) PFIZER (150) PHILIPS (12) PLACER DOME (84) POTASHCORP (22) PROCTER & GAMBLE (106) RBC (Royal Bank of Canada) (144) RECKITT BENCKISER (194) REED ELSEVIER (155) RENAULT (138) REUTERS (67) REXAM (157) RIO TINTO (62) RLI (42) ROHM and HAAS (200) ROYAL BANK OF SCOTLAND (86) RTL (181) RWE (129) SABMILLER (76) SANOMAWSOY (168) SAP (112) SAPPI (48) SARA LEE (50) SAS (17) SASOL (15) SCA (3) SCANIA (192) SCHERING (169) SCOTIABANK (79) SCOTTISH & NEWCASTLE (81) SCOTTISH POWER (33) SEB (Skandinaviska Enskilda Banken) (36) SECURITAS (19) SHELL (ROYAL DUTCH PETROLEUM) (101) SHIRE Pharmaceuticals (127) SIEMENS (120) SINGAPORE AIRLINES (189) SKANDIA (95) SKANSKA (49) SKF (55) SOLVAY (196) SONY (71) SPEEDY HIRE (124) STARBUCKS (156) STORA ENSO (11) SWEDISH MATCH (109) SYNGENTA (118) TEIJIN (139) TELUS (2) TESCO (57) THOMSON (146) THYSSENKRUPP (188) TNT (TPG) (9) TORAY Industries (182) TOYOTA MOTOR (69) TRELLEBORG (4) TYCO (159) UBS (92) UCB (148) UNAXIS (114) UNILEVER (82) UNITED OVERSEAS BANK (175) UPM-KYMMENE (103) UPS (191) VEDIOR (178) VINCI (130) VNU (65) VOLKSWAGEN (53) VOLVO (32) WAL-MART Stores (185) WALT DISNEY (102) WELLS FARGO (40) WHITBREAD (68) WIENERBERGER (18) WOLSELEY (187) WOOLWORTHS (13) WPP (5) YAMAHA MOTOR (107)

& out

ADIOS

Displaced from 2004's top 200

company name (rank last year) (reason for not ranking)
AIG (94) (report not received by June 15), AMERICAN EXPRESS (194) (report not received by June 15), BEKAERT (68) (report not received by June 15), BOEING (195) (ranks lower than top 200), BOUYGUES (137) (report not received by June 15), BT (ranks lower than top 200), BURBERRY (159) (ranks lower than top 200), CAMPBELL SOUP (158) (report not received by June 15), CHARLES SCHWAB (70) (report not received by June 15), CHR. HANSEN (141) (ranks lower than top 200), CLARIANT (185) (ranks lower than top 200), COLES MYER (81) (ranks lower than top 200), DANA (197) (ranks lower than top 200), DANISCO (85) (ranks lower than top 200), DOW JONES (180) (ranks lower than top 200), ELECTRABEL (196) (report not received by June 15), EMERSON (173) (ranks lower than top 200), EPCOS (143) (report not received by June 15), ERSTE BANK (153) (ranks lower than top 200), ESPRIT (138) (ranks lower than top 200), FRESENIUS (133) (ranks lower than top 200), GENERAL MILLS (92) (ranks lower than top 200), GILLETTE (198) (company not selected, to be acquired), GROSVENOR (181) (report not received by June 15), HEINEKEN (189) (report not received by June 15), HSBC (191) (ranks lower than top 200), INCEPTA (118) (ranks lower than top 200), INBEV (formerly INTERBREW) (182) (ranks lower than top 200), JENOPTIK (112) (ranks lower than top 200), KARSTADT QUELLE (24) (ranks lower than top 200), KONE (163) (ranks lower than top 200), LEGAL & GENERAL (190) (report not received by June 15), LEHMAN BROTHERS (82) (report not received by June 15), MCGRAW-HILL (171) (report not received by June 15), MEDTRONIC (178) (report not received by June 15), MERCK KGaA (93) (ranks lower than top 200), MITSUBISHI (113) (report not received by June 15), MOTOROLA (78) (report not received by June 15), MYLAN Laboratories (174) (report not received by June 15), NEWS Corporation (142) (report not received by June 15), NISSAN MOTOR (162) (report not received by June 15), PALL (89) (ranks lower than top 200), PORSCHE (63) (ranks lower than top 200), QUALCOMM (157) (ranks lower than top 200), RANDSTAD (132) (ranks lower than top 200), ROCHE (108) (report not received by June 15), SANLAM (179) (ranks lower than top 200), SAUER-DANFOSS (155) (ranks lower than top 200), SERONO (146) (report not received by June 15), SSL (128) (ranks lower than top 200), SYMANTEC (87) (ranks lower than top 200), T-ONLINE (176) (company not selected), TATE & LYLE (91) (ranks lower than top 200), TELIASONERA (152) (report not received by June 15), TD Bank Financial (125) (ranks lower than top 200), UNITED TECHNOLOGIES (115) (report not received by June 15), VODAFONE (177) (report not received by June 15), WACHOVIA (107) (report not received by June 15), WOLFORD (98) (ranks lower than top 200), WOLTERS KLUWER (165) (ranks lower than top 200), WYETH (144) (report not received by June 15), XILINX (106) (ranks lower than top 200)

advertorial

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Best on - Report scoreboard

RANK	COMPANY
1	BMO
2	TELUS
3	PHILIPS
4	CIBC
5	POTASHCORP
6	SCA
7	INFINEON
8	RBC
9	WIENERBERGER
10	TNT
11	TRELLEBORG
12	ADIDAS-SALOMON
13	ELECTROLUX
14	SASOL
15	ITOCHU
16	SARA LEE
17	BAYER
18	SECURITAS
19	JAMES HARDIE
20	VOLVO

Attributes: Key figures, financial review or MD&A (quality and clarity), charts, ratios, indicators, segment and contribution analysis, long-term performance, growth factors.

Cautionary Note: Risk factors and management are considered among investor criteria.

1 BMO

For starters, CFO's "Message to Shareholders" includes a "Canadian Bank Scorecard" benchmarking six banks with 7 key ratios: top-notch. Then comes an outstanding MD&A paced with charts and tables, but also effectively designed to be read and understood. What performance and financial reporting is all about, including on medium-term strategy. A N°1 report in our 2002 survey that, contrary to many, among banks and beyond, hasn't rested on its laurels.

2 TELUS

Stellar financial reporting, not only because no telecom company has reported as clearly in the recent years,

3 PHILIPS

A Philips standard for years, the two-step operating and financial analysis (communicative in review, thoroughly informative in report) is a convenient reporting format, despite the overlap. Charts give the medium-term view. Special mentions also for not being evasive on restructuring charges, sensitivity analysis for pension-related exposure, and for the plainly written yet detailed notes.

5 POTASHCORP

Potash or not, "Factors that shaped business conditions" are here made crystal-clear. Year earnings are compared both to "Guidance" and to the previous year. "Key Earnings

11 TRELLEBORG

"Continuing operations" outlines segmented sales and operating profit but also EBITDA, restructuring impact, capital employed and ROA with a rare clarity. Succeeds in being matter-of-fact about market positions, customers and trends in spite of the diversity of markets served. A well-sealed piece.

14 SASOL

"Summary of statistics" (pp 20-23) is one of the clearest this year and is made up of well-selected ratios shown over ten years and all defined next to the figures. "And don't miss the outstanding 10-page segment summary, I don't remember having seen such an exhaustive one," says a market analyst. A feat for a 9-segment company.

15 ITOCHU

"Optimization of Our Asset Portfolio and Profit Growth" displays the hits and misses for past and coming years, and backs it with charts that also stack up profitable and unprofitable companies. The MD&A is probably one of the fairest among Japanese peers, with an effective use of charts for longer-term analysis, reporting profit for major group companies (and, another plus, reasons for changes), and detailed forecasts for 17 indicators.

Financial & performance reporting

but also across the board, and the ocean. "At a glance" provides immediate contribution analysis, objectives are checked up, targets are set, significant changes in balance sheets are listed, etc. "And a rarely matched way to manage a 2-report policy (3 with CSR)," adds report panelist Reg Pauffley.

Sensitivities" disclose the effect on EPS of "Input Cost" and "Price and Volume Sensitivities", plus a number of "Indicators to Watch in 2005". Clean reporting, finished with visible "Performance Indicators" and comprehensive reconciliation figures.



Best on

RANK	COMPANY
1	SCA
2	DANONE
3	STORA ENSO
4	TNT
5	SAS
6	WPP
7	CLP
8	ALLIED DOMECQ
9	ALCOA
10	TELUS
11	VOLKSWAGEN
12	ATLAS COPCO
13	BAA
14	KAO
15	POTASHCORP
16	GAMBRO
17	CIBC
18	TRELLEBORG
19	UNAXIS
20	OCE

Attributes: Company profile, year events and salient facts, key products, market trends, segment snapshots, review of operations and markets, operating statistics.

Cautionary Note: For scoring and rating, stakeholder and social responsibility were included in this section. However, the above ranking focuses on the business and operating part.



Profile, operations & business

1 SCA

A lasting benchmark for quickly showing business, markets, production capacities, segments and contribution “in brief”. And then later in ratios, in return indicators, and in detail by quarter.

2 DANONE

The whole “year in review” -82 pages made more digestible thanks to a smaller mag format- is built for profiling, highlighting, segmenting, and grasping where business is done and crunching numbers about growth factors et al. But why does it take so long to receive it, and why is the 20-F not more than an informative but dully made 20-F?

3 STORA ENSO

“An excellent array of key figures and ratios. With charts fairly showing the company’s position, even when it is difficult. Corporate responsibility matters are here nurtured with lots of useful information in a substantial separate report sent along with other documents,” comments report panelist Kaevan Gazdar, who nevertheless regrets “the lack of a certain vision”.

8 ALLIED DOMECQ

From Ballantine’s to Togo’s, “our portfolio...” displays 17 key brands. Later, but not too late, volume and net turnover growth are compared for all of them. “handle with care” states p 19. A tip to the future acquirer? Whoever it is, it should keep “getting connected” (p 13) with stakeholders by producing such a good operations review.

9 ALCOA

The “world’s leading producer of... aluminum” remains one of the rare American annuals whose business

review goes further than advertising stories. Sure the recipe hasn’t changed very much for a while, but, contrary to many, you still have a quick and clear grasp of what the company makes, where revenues are generated, and about the “Trends in Major Markets” (an Alcoa classic). Another difference with the U.S. bulk is that the MD&A had commented “Results of Operations” in plain language before being recommended to do so.

11 VOLKSWAGEN

From deliveries to 16 markets to production figures for all models, from cost of capital to value contribution, the Wolfsburg car giant goes deeper than most rivals. Still, why packing a “Mobility”-driven report in such a cumbersome hardback GTI-less document?

13 BAA

“The world’s leading airport company” (as stated in the inside cover) shows a thorough profile and a clear mission, “Key facts” for all airports operated, twelve timelines spread across the whole report about year salient events, and a very user-friendly “Index”.

16 GAMBRO

Besides explaining how the renal-care and blood-component specialist is “turning ideas into results”, this report provides a number of great insights

into market developments, trends and prospects. They include valuable items such as market shares for dialysis products, demographics of patients or the outlook for the blood market. Ahead of many big blue chips in report substance. “And therefore probably raising the interest of motivated investors,” says a financial analyst.

19 UNAXIS

Should (over)diversification prevent a company from transparent segment reporting? The Swiss technology conglomerate proves the contrary. “Portfolio”, “Strategy”, “Core competencies” and quarterly “Sales development” are outstandingly described and well displayed. Geographical analysis is up, too. The most famous diversified group (see who we mean?) has never reported as clearly as this “rival” on its varied segments.

20 OCE

“Strategic objectives”, “Strategic perspective”, “Critical success factors” and precise information on market and product developments stand among the main features of a report rich in content as regards business strategy in a highly competitive environment.

Best on

RANK	COMPANY
1	ANZ
2	WPP
3	BP
4	SCOTTISH POWER
5	FOSTER'S
6	BHP BILLITON
7	CATERPILLAR
8	CLP
9	JAMES HARDIE
10	ELECTROLUX
11	UNILEVER
12	SPEEDY HIRE
13	WHITBREAD
14	SASOL
15	BARCLAYS
16	NOVARTIS
17	BARLOWORLD
18	LAND SECURITIES
19	WOOLWORTHS
20	TESCO

Attributes: Executive statement (substance, style, message), strategic direction, outlook and prospects, board and management details and changes, corporate governance, committees' role and reports, compensation policies and figures.

Cautionary Notes: The importance of governance and remuneration requirements and the fact that some reports include them has an impact on the above selection of best in class. Many U.S. companies are penalized because those items stand in other documents, some of them not systematically sent to non-shareholders. Some companies reporting strongly on strategy and outlook may also be penalized because of the weight of other governance-based criteria.



2

Strategy, leadership & governance

1 ANZ

"The most comprehensive governance section we've seen," says report panelist Catherine Gordon. "An excellent example of clear and open disclosure, informative, and nicely designed." Check (literally) e.g. the governance table laid out as a kickoff, or the way appointment or re-election procedures and directors' meetings are set forth. And the remuneration report is up to it.

2 WPP

"What we think" has become one of the distinctive features of the report, eagerly awaited by investors, analysts and... competitors. It is a kind of insightful "State of the industry". Before jumping there -what many readers do!- "The fast read" reminds why the group exists, the 7-page "Letter to share owners" is clear about priorities (three) and objectives (six). The Directors' report comprises three summary reports of board committees, while compensation is up to UK and global's best practice. Matches all our evaluation criteria for this category.

7 CATERPILLAR

"Back on track," wrote we about the 2002 report. Is the tractor (and engine) maker "doing more"

in reporting, like stated on the front cover? Yes, and with less pages than many: 40 for the report + 100-odd for the 10-K that, contrary to many U.S. rivals, is always sent along, and has now been made more communicative (yet not fully up to Northern neighbors!). A highlighting approach, a high-octane statement, a high-pressure trailer theme, high-placed board portraits and details.

8 CLP

"The openness and sense of detail in the management statements, texts, and those direct and unevasive Qs and As convey both passion and confidence in the company's strategy," analyzes report panelist Ruth Arnold.

9 JAMES HARDIE

A matter-of-fact "CFO's Report" follows the CEO's message, and highlights and comments not on generalities but on borrowings (and currencies used), debt maturity profile, working capital, net interest expense... Board and management biographies are rich and animated. And governance is made of "beliefs" and explained principles.

10 ELECTROLUX

The world's largest appliance maker keeps on applying a strong strategic introduction signed by the CEO, who asks first "What's happening in our industry?" -and illustrates this with shipment, market share trends, etc.- and then ask himself "Where does Electrolux stand today?" The reality check follows in charts (e.g. cash flow and working capital), pictures (15 examples of product development), and... decisions -from restructuring to investments in low-cost countries.

13 WHITBREAD

A chief executive designate's statement is not commonplace in annuals, especially in these turbulent years. This one refers to a company "in transition from being good to great" and backs it with margin and return figures. Reader-friendly directors' biographies and committees' descriptions reflect fair governance reporting. "But the finance director's review is much too short to make it a... great report," says a financial analyst.

Best on

RANK	COMPANY
1	STORA ENSO
2	CIBC
3	SAS
4	SCA
5	ELECTROLUX
6	INFOSYS
7	SECURITAS
8	SASOL
9	WOOLWORTHS
10	VOLVO
11	SCOTTISH POWER
12	SEB
13	AUTOLIV
14	DEUTSCHE POST
15	ATLAS COPCO
16	TELUS
17	TRELLEBORG
18	CLP
19	BMO
20	BUHRMANN

Attributes: Attributes: Earnings and dividends quickly available, share value and fundamentals reported on long-term basis, shareholders and shareholdings, statements and notes, accounting policies, risk factors and management.

Cautionary Note: Some companies reporting fairly on risk are not listed above, because of the weight of the other evaluation criteria.



1 STORA ENSO

Earnings, dividend, but also key returns, market value and even the payout ratio are shown without delay. The share(holder) pages include most of what an investor needs to know, from changes in capital to ownership breakdown, from price changes to the relation between share repurchases and price performance (this one being charted over three years). Worth noting too: the comprehensive quarterly data over the last four years, which allow a clear view of business seasonality.

4 SCA

Go(es) straight to “Financial goals” set for 9 key indicators (including debt payment capacity). Then share indicators come fast. For this transition year, “check also “Note 33. Transition to IAS/IFRS in 2005”, advises report panelist Kaevan Gazdar, “it is comprehensive (7 pages), statement-based and itemized.”

7 SECURITAS

“Securitas financial model” shows the relation between income, cash flow and operating capital employed. Explanatory, and backed with six charted

financial objectives. “Transparent, well structured, written in a language free of jargon, which also applies to ratios and the risk evaluation model,” judges financial communication expert Catherine Gordon.

9 WOOLWORTHS

Earnings, dividends and also 5-year shareholder returns are immediately shown. The “Five Year Summary” includes 17 cash-flow items that clearly show the way from EBITDA to net cash, as well as sixteen share indicators.

14 DEUTSCHE POST

“Most of the relevant information seems to fall at the right place, including the early-located share pages. And this is greatly enhanced through a number of reading facilities including a separate glossary sheet and milestones on flaps,” comments report panelist Dennis Larsen. An analyst pointed out the “clarity and honesty” of “Stock and Bonds” pages, with a “superbly laid-out chart” for highs, lows and moving average. Incidentally, stands among the rare companies delivering annuals in less volume than two years ago. A postman’s wish, vielleicht?

20 BUHRMANN

“I found figures per share not highlighted enough, somewhat surprisingly as they were on the rise (before exceptionals though!),” says an analyst. “But then I jumped to the last pages of the document and found, among others, the composition of enterprise value (i.e. loans and shares), enlightening price charts, with the impact of last year’s events, market cap highs and lows, etc.”.

Share & investor information

Best on

RANK	COMPANY
1	ABP
2	DANONE
3	NOVO NORDISK
4	WIENERBERGER
5	FEDEX
6	CATERPILLAR
7	NOVARTIS
8	TESCO
9	LAND SECURITIES
10	AVERY DENNISON
11	WPP
12	ENERGY
13	ALLIED DOMECQ
14	PEPSICO
15	SARA LEE
16	HARLEY-DAVIDSON
17	DOMTAR
18	STARBUCKS
19	AES
20	ADIDAS-SALOMON

Attributes: Use of covers (communication, invitation), theme, message, style, differentiation, packaging, volume, layout, read appeal and reading facilities, visual route and illustration.



1 ABP

“Our growth strategy continues to deliver,” states the report’s first page of the “UK’s number one ports operator”. The report delivers through beautiful drawings that enable readers -and investors- to map the business process and help communicate content, which is not weak either. Report panelist and marcom specialist Vero Escarmelle comments: “Report design often goes from gratuitous to fancy or, worse, just makes corporate reporters feel imprisoned in a grid. Though not perfect (who is?), this report avoids all those traps. Moreover, it really serves the reporting purpose, which is to tell -and show- what business, and ideally performance and strategy, are about”.

3 NOVO NORDISK

“The use of a quasi-magazine format for a corporate publication is not often as successfully implemented as here. User friendly, with good read appeal, but also highly informative about the business, the markets and the health challenges posed. A good mix,” comments Reg Pauffley.

4 WIENERBERGER

The “world’s largest producer of bricks” produces a well-built but also rock-solid annual. Starting with the most unlikely report title about “One of the year’s most unexciting annual reports”. Inside, you’re not up against a wall,

thanks to humorous stepping stones, making the reader waltz through stories developed behind and besides tear-open pages. Not a hollow brick made in Vienna.

7 NOVARTIS

“The way photography is used in this report is just outstanding. It captures the essence of the company’s business and corporate mission with great feeling. Among the best pictorial routes I’ve seen, also because it serves the story telling purpose,” praises communication specialist Reg Pauffley.

12 ENERGY

“Come rain or come shine, Entergy seems to be one of the only energy companies committed to bringing style, freshness and renewal (design changes almost every year!) to its report. And this whatever the problems, and there are some in the sector. I find this brave. And well done!” reports our panelist Vero Escarmelle. Unfortunately, content is not always up to the visual ingredients used by the New Orleans-based utility.

17 DOMTAR

“Today’s perfect paper. Tomorrow’s ideal solutions” is the title of a report designed as a book by a Canadian pulp and paper maker. Neither perfect (204 pages, even in a smaller format, make a lot of paper!) nor ideal (for shelving), but achieved with a high degree of literary consistency made up of chapters, book-looking headers, tables, and a few (but not enough) nice pictures. Worth looking, and emulating?

19 AES

The “Annual Report” is much too short to qualify as such: 26 pages! Another energy company, another approach and route. More conventional in style in Virginia than in New Orleans, but built on eye-catching pictorials and (too) small-print texts. Regrettably, it also reflects another recent trend, with energy spent on a communicative design on the one hand, and not one single effort to make the tedious 10-K sent along legible and intelligible on the other.

Packaging, visuals & communication

Issues in reporting

Reporting – A question of balance

Reporting is, more than ever, a delicate balance. Between: current shareholders and potential investors, freedom of speech (not less) and compliance, substance and style, stockholders and stakeholders, content and appeal, thoroughness and brevity, information (overload) and communication (overkill), printed and electronic reporting tools, the talk and the walk.

A number of quotations sum up some of the issues faced by people involved at all levels in the annual reporting preparation, process and use. Additional comments are from the Editor.

Mike Guillaume *Editor-in-Chief*

> High-profile report vs. low-key compliance frenzy

"In 1959, IBM hired Paul Rand, a prominent book designer, to create its annual report. As a result, the high-concept annual report was born." (Addison Annual Report Handbook 2004/2005)
"In 2002, the Sarbanes-Oxley Act, spurred by a new generation of financial excesses, rewrote the rules on financial reporting." (Addison Annual Report Handbook 2004/2005). "But of the 100 pages of a filing, probably 99 of them are ginned up by the lawyers to cover their butt." (Charles Hill, Thomson Financial, in August 2002)?
As a result...

"Experience with the internal controls provision has been so negative that it threatens to overwhelm the positive corporate reform trends." (Philip Livingston and Mark Perry, Financial Times, April 29, 2005). Not to mention Andersen, just sacrificed in order to please the guardians of the temple.
"(The new legislation) has been a considerable investment of time, energy and money, taken away from the focus on growing commercially, to satisfy, in a very box-ticking sort of way, a series

of processes..." (Todd Stitzer, CEO of Cadbury Schweppes, Financial Times, April 27, 2005).
The impact on the quality and clarity of reporting is now obvious –and for many, negative. Worryingly, one of the effects of the compliance frenzy that has spread from the U.S. to other parts of the world, is a number of insipid, incomprehensible reports. It even threatens the future of some companies, including good ones. Actually, an analysis based on a growing number of reports would result in a negative investment conclusion.

> Performance: past and future - Consistency and format

"A better understanding of past financial performance is helping companies to set more accurate goals and objectives." That understanding should be translated into performance reporting...
"And goals and objectives should be featured in all reports a clearer and deeper way. Not only as a plain outlook, but with figures and targets set out for the 1 to 3 coming years." (an economist). Isn't it strange to read about quarterly guidance and no

to learn more in more reports about medium-term strategy?

"Consistency of format enables reports from different businesses to be compared so that the global picture can be easily understood." Yet...

"The emphasis is on presenting financial information to people in a format that is relevant to their role... not in general formats that they may not understand."

(All above quoted from "Understanding IFRS", Financial Times, September 2004).
The challenge –and contradiction– is made tougher by IFRS. How to get to grips with new international accounting standards while simultaneously keeping figures comparable, explaining the impact and the differences, taking into account a more balanced scorecard (increasingly expected from stakeholders), and, last but not least, communicating effectively?

> Governance: the good, the bad, and the ugly

"Corporate governance is not about image, it is above all an open and transparent approach to doing business... An independent director has no conflicts of interest and risks no sanctions for straight talking... Independence is not the application of a quota; it's the way a business deals with its directors." (Franck Riboud, CEO of Danone, quoted in Renault Annual Report 2004).

True, but why does it take so long to get Renault's (heavy) annuals, and Danone report? Is this part of governance?

"Our top priority must be health. And shipping in medicines from other nations presents genuine health risks... We believe Americans carry an unfair share of the global cost of biomedical

research... The answer is found in giving a helping hand..." (Hank McKinnell, CEO of Pfizer, "An Open Dialogue" in Annual Report 2004). "Whose health?" will probably ask "other nations" stakeholders. Unfair indeed.

"And sadly, the man who had started to turn the company around made a serious error in judgment... we understand the U.S. government's desire to leave no stone unturned in investigating lingering allegations of favoritism... We must also insist on a level competitive playing field in the marketplace. Enough is enough." (Lewis E. Platt, Non-Executive Chairman, Boeing Annual Report 2004).
By Boeing "moral" standards, Mr. Gates wouldn't run Microsoft anymore, and turned stones may be found in India. Reading complaints from who once was one of the most admired firms (and rightly so) is shocking. When enough is enough...

> The weight - Full meal or menu?

Q of Wong Yuen Wah, CLP Shareholder: "Your Annual Reports are becoming too long. What are you doing about this?"
A of April Chan, CLP Deputy Company Secretary: "This is a problem. Ten years ago, CLP's Annual Report comprised only 51 pages. We do try to control the volume of information we provide –succinct, relevant and without duplication... More is not always better when it comes to corporate disclosure –quality and the benefits to shareholders of that information are also important considerations... Instead of containing all corporate information, annual reports could become a guide to where this may be found. In other words, a menu rather than a full meal." (CLP Social and Environmental Report 2004).

Issues in reporting

"There is a concern that the operating and financial review will turn into an unwieldy document with so much information that you can't see the important information." (Nigel Sleigh-Johnson, head of financial reporting, Institute of Chartered Accountants in England & Wales, Financial Times, March 31, 2005). Looking at the way MD&As have turned out in the U.S., the concern is a reality.

Q to an industry financial analyst:

"What is your preferred volume for an annual report?"

A: "100 pages, or a bit more or less. Say from 80 to 120. I think this is the ideal balance between digestible information and effectively organized communication."

A few reports that are able to do it in 80 to 120 pages (excluding covers): Alcoa, Allied Domecq, Ciba Specialty Chemicals, Daiwa House, Electrolux, Fedex, General Electric, Henkel, James Hardie, Merrill Lynch, Novozymes, Pepsico, Potashcorp, Sara Lee, Skanska, Trelleborg, Wells Fargo...

> Format – Documents and volume

67% in **one** document.
22% in **two** documents.
11% made of **three** or more documents.

Longest reports: Credit Suisse: 508 pages in 4 documents, France Telecom: 510 pages in one document (20-F), HSBC: 374 pages in one document.

42% report in **100** pages or less.
27% use **101 to 149** pages.
16% report in **150 to 199** pages.
15% need **200** pages or more.

Shortest reports: Micronas and Valspar: 24 pages.

Statistics are based on documents received, which may include a Form 10-K or 20-F

and/or a Proxy, depending on companies' practices. This may affect the significance of totals, set out to show major trends.

> Audit – Most called auditors

36% **PricewaterhouseCoopers:**
Clients ranked include: SCA, Trelleborg, James Hardie, TNT, Volvo, IBM, Walt Disney, Sony...

22% **KPMG:**
Clients ranked include: Adidas-Salomon, BMO, Allied Domecq, General Electric, DaimlerChrysler, Citigroup...

18% **Deloitte & Touche:**
Clients ranked include: Telus, Tyco, Procter & Gamble, WPP...

16% **Ernst & Young:**
Clients ranked include: CIBC, Autoliv, BP, Fedex...

8% **Other/Independent:**
Clients ranked include: Metro AG, Infosys Technologies, Hitachi...

(based on 500 reports. Totals include associated partners or firms)

Cautionary statement (?): "The relationships have become almost unusable... This is probably the largest unintended consequence of Sarbanes-Oxley – companies can no longer consider the Big Four their trusted business advisers... (They) seem to want to be treated as the IRS, but at premium fees." (respondents' remarks in a study by Chicago law firm Foley & Lardner, cited in Financial Times, June 17, 2005).

> Design – Most used designers

1. **VSA Partners** (Chicago, New York). Reports designed include: IBM, General Electric, Harley-Davidson, Pfizer, BP...
2. **Addison Corporate Marketing** (London): AstraZeneca, BAA, ING, Unilever...

3. **Williams and Phoa** (London): Allied Domecq, Buhrmann, EADS...
4. **Radley Yeldar** (London): 3 I, Pearson, Marconi...
5. **Merchant** (and partners) (London): ABP, UCB, Speedy Hire...
6. **Pauffley** (London): BT, Aegon, Tate & Lyle...
7. **Black Sun** (London): BG, Centrica, Cable & Wireless...
8. **Addison** (New York): ITT Industries, General Mills, AES...
9. **Ove Design** (Toronto): BMO, Loblaw...
10. **Intellecta** (Stockholm): Electrolux, Atlas Copco...
11. **Magee** (London): Hays, Group 4 Securicor...
12. **Hilger & Boie** (Wiesbaden): Volkswagen, Heidelberg...
13. **35 London** (London): Reed Elsevier, Smith & Nephew...
14. **Dart Design** (Amsterdam): Ahold, Fortis...
15. **Citigate** (and network) (London et al.): Securitas, Singapore Airlines...

(based on 300 reports in which a designer's name is mentioned)

> Help me information

Does the www really help inform and communicate better towards stakeholders, investors, analysts –and therefore supplement or reinforce the reporting process and output? The immediate answer is yes, of course. However, think twice, as the list of positive aspects and (even more) deviations that follows shows.

- Tier-one FAQs

ING Group answers more than 30 FAQs that go from ratings to main business to number of shares and why the group sponsors marathons. Clear, intelligible, matter-of-fact!

- In print

"Online versions of Lexmark's annual reports are available below. A hard copy format of an Annual Report can be ordered via postal mail from The Public Register's Annual Report Service (PRARS)" Go to PRARS? "We Do Not Ship To Addresses Outside North America." After all, Lexmark's business is printers, isn't it?

- Analysts don't post results

Reply received from Royal Bank of Scotland to a report request: "Hi, We no longer send out reports - you would have to apply through the website link below www.investors.rbs.com/investor_relations/docreq.cfm Kind regards, Senior Investor Relations Analyst." Mergers don't leave enough staff, probably. Or analysts are too busy, of course.

- Smoke screen

British American Tobacco -"The world's most international tobacco group"- homepage was advertising as having received prizes as best website for private investors and analysts in 2003 and 2004. In February 2005, clicking on latest results, shareholder information or "Investor Centre" meant drawing a blank, at least for visitors not having the most updated technology (how many?).

- Excellent advice?

Shareholder information according to no less than Morgan Stanley's website section contains four items: "Press Room", "Tax Basis Worksheet", "SEC Filings" and "Presentations". That's all. "Morgan Stanley is one of the world's largest diversified financial services companies, with a reputation for excel-

What?

Issues in reporting

lence in advice and execution on a global scale.” says the homepage.

> Communication breakdown

An annual report is...

... just fill in the space to define what it is -and should be- for your company.

An annual report is not...

... just about wrapping a Form 10-K or 20-F and throwing -or downloading- it to shareholders. Whether it is packed with style (Aramark), well branded (H.J. Heinz), separated (AES), printed on (recycled) toilet paper (Microsoft), or simply not packed at all (Apple, for which even an envelope now seems a necessary evil). This year's vintage shows a record number of U.S. reports having gone for the 10-K with or without something else. At best, that is just plain, tedious and often scrambled information (with page-numbering -for starters). But don't name it communication.

Want to make a 10-K or 20-F more investor-friendly and communicative? Have a look at Rohm and Haas attempt: not perfect, but a nice try. Or take a (maple) leaf out of Canadian reports. Or go according to Phillips lights, for example.

- Do not disturb (I)

“Dear Report Watch, For faster delivery of the items in which you requested below, please visit our company website (www.qualcomm.com). The latest annual reports, 10K, etc. are posted in PDF format. Thank you. Qualcomm, Inc.” Another Groucho-leaning thank you.

- Do not disturb (II)

“Securities analysts and other members of the professional financial

community are invited to contact AT&T Corporate Investor Relations with questions. Send e-mail inquires to: attir@att.com Please note that AT&T Investor Relations will not open or respond to e-mail attachments.”

Q: How will it be after the planned merger with SBC? A: Worse. Please note the origin of (I) and (II): leaders in the communication industry.

- Room service -or Do not disturb (III)

“You searched for “investor”, there are 0 matches for your search. Not finding what you need?”
©2005 Hilton Hospitality, Inc. Hospitality? Sounds as nice as the Paris Hilton.

- The postman doesn't ring anymore

“We do not have hard copies of our report and accounts, if you click on the link it will take you to the page on our website that has a downloadable version. <http://www.royalmailgroup.com/aboutus/aboutus4.asp>”
Why still using Royal Mail, then?

- Broker's java

“Get your information instantly, save paper, and help us cut significant costs. We encourage you to receive the annual report and proxy materials electronically. Contact your broker or log on to sun.com/investors.”

If it's just about getting the same uncommunicative 10-K (and thus having to print it out), save time... and paper. The last good annual report of Sun Microsystems (the producer of Java) was in 2000.

- Umleitung

Early in March Bank Austria's corporate website was made of hurdles difficult to clear: numerous “Automatische Weiterleitung”, empty IR page, full-circle navigation.

“Ein Mitglied der HVB Group”? An incomplete spinoff indeed.

- Low fare

“The low fares airline” Ryanair offers “to download a powerpoint presentation of the 2005 Boeing order” but doesn't provide many extras to analysts and investors. And getting hold of annuals has been impossible these last five years.

A typical example of -plainly designed-commercial site with investor communication as a secondary concern. But also of a serious gap between market valuation and report output.

- NSFAQ

“Before contacting us, please review our Frequently Asked Questions,” writes Goldman Sachs on the gs.com/our_firm/investor_relations/articles/investor_relations page. How to get a report copy and who to contact for investor relations are apparently considered as not so frequently asked questions there? Never mind, you can read in full: “Hank Paulson calls for action to restore investor confidence.”

- Redstone brownnose

If you would like to contact Viacom's non-management directors, you may send an e-mail to nonmanagementdirectors@viacom.com. And if you want to contact the ones who manage? When Sox sucks.

- Investor care

Mothercare is another example of site much more organized for e-commerce than for e-IRs, falling into the trap of “go to registrar” or call (from UK only). To get offered “a helping hand to parents (we mean here investors) during one of life's greatest adventures” (well,

not this one), you need the webmaster's helping hand.

- Bad: ET

“Contact Information for Investors” on Merck website: “Institutional Investors and Analysts should contact: 908-423-5881 Monday-Friday 8:30AM - 4:00PM ET” Like clockwork.

- Worse: Relations?

“Security analysts and other members of the professional financial community who have questions about our financial disclosure are invited to contact PepsiCo's Investor Relations department at: (914)253-3035 or (914)253-2155.” This may be read at the bottom of a page entitled “Shareholder Services”. No country code, no fax, no e-mail, no contact persons. Following the strange U.S. practice, only the transfer agent is entitled to have its e-mail shown. Does it also transfer information?

- Even worse: Intel outside

The same remark applies to the world leader in processors, i.e. no less than Intel. Having reached “Contact Investor Relations” (not advertised on the homepage, by the way), all you get is a phone number, and no e-mail... At Intel!

- Worst: going to McDonald's (IRs)

McDonald's Search Results: Search in: McDonalds.com. For: investor relations contact. “Search found 0 documents from 2110 searched.”

Best in - Industry scorecard

The peer group comparisons have been reinforced and more extensively used in this year's Report Watch. Below is a selection of 15 industries for which we disclose the top 3 reports and an industry-based score, and then ask where a big (or small), blue-chip (or bluesy), famous (or forgotten) name is standing (with score in brackets). In some cases, reports may perform better or worse in the global top 200 than they do when assessed solely among industry peers.

Evaluation criteria are similar to the ones used for the global ranking, matched here with specific industry characteristics. The industry report score is reached by placing an extra weighting on financials, segments, profile, review of operations and markets, and business strategy. The nearer to 10 the better the score. That might explain discrepancies between the score within the industry and total across-the-board marks that result in the overall top 200 ranking.

BENCHMARKING AGAINST PEERS, RIVALS OR BEST PRACTICE?

How does your report compare with key competitors and challengers in your industry, with investment alternatives, or against best in class? Order our **PEER GROUP REVIEW** (against competitors within your industry) or our **PEER GROUP BENCHMARKING** (against best practice in or out the industry). Conditions and flexible pricing (based on reports compared) on request. E-mail: e.com@reportwatch.net

advertorial

1 Retail

	Industry report score
1 Woolworths	7.04
2 Tesco	6.29
3 GUS - Delhaize	6.11

Where is... Ahold? (5.11)

Good disclosure and transparency, but too heavy in the cart (240 pages). Informative? For sure. Complying? Certainly. But from start to finish, it hardly qualifies as a retail-built communication vehicle.

2 Staffing services

	Industry report score
1 Vedior	5.07
2 Randstad	4.10
3 Manpower	3.68

Where is... Hays? (2.39)

Highlights do not make any real comparisons, include cryptic "DX Services", of course full (?) of "before goodwill" stuff and just leave sales out. Out of a league that is not characterized by strong reports.

3 Real estate, construction

	Industry report score
1 Land Securities	6.29
2 Daiwa House	6.03
3 JM	5.96

Where is... Henderson Land? (2.23)

A bilingual report (English-Chinese)? Why not? But 300 pages is the price to pay. Inside? 5 pages only on development projects; a 4-page MD&A; and "Employee Activities" summed up in... seven photos!

4 Software and consultancy

	Industry report score
1 IBM	5.58
2 SAP	5.54
3 Intrum Justitia	5.43

Where is... Accenture? (2.54)

A paper tiger, not even designed to be read. For the ones who'll get there "Risk Factors" represent in volume the equivalent of 50 (fifty!) percent of the MD&A. Where fear-of-SEC-gods tokenism leads.

5 Mineral and natural resources

	Industry report score
1 PotashCorp	6.89
2 Alcoa	6.50
3 BHP Billiton - Rio Tinto	6.09

Where is... IOI? (5.46)

The Malaysian palm oil producer's "Group Financial Overview" finely charts links between statements. But writes one page about sustainability.

Note: Forest exploitation is included, but not paper manufacturing. Sasol was not considered here, due to the fact that mining revenues are far behind fuels.

6 Beverages

	Industry report score
1 Allied Domecq	6.50
2 Foster's	6.43
3 Pepsico	6.30

Where is... Heineken? (N/A)

Were e.com staff under age (or not PC enough?) to be entitled to receive a report that, despite good content, kept on losing froth these last years. Will it come of age in the next year brew?

7 Diversified industries

	Industry report score
1 Barloworld	6.29
2 Unaxis	5.75
3 General Electric	5.01

Where is... 3M? (4.75)

"a recent global survey... ranked 3M as the most innovative company in the world" (p 5). Why then not trying to make a more innovative piece of reporting than just ad narratives and Six Sigma fads? "Displays and graphics" are a key segment. What's the display? Where are the graphs?

8 Biopharma and biotech

	Industry report score
1 Novo Nordisk	6.14
2 Genentech	5.78
3 Gambro	5.71

Where is... Innogenetics? (4.29)

The Belgium-based specialty diagnostics keeps on improving and wraps it up soberly, with good IFRS-based key figures. But financials still lag behind.

9 Media and publishing

	Industry report score
1 Reuters	5.61
2 Pearson	5.57
3 Knight Ridder - Thomson	5.30

Where is... New York Times? (2.93)

The "Annual Report" of one the best newspapers is also one of the worst: plainly designed, a confusingly itemized 10-K pagination, a tedious MD&A. Never mind, "Guidance" lies in...

Note: Companies operating in media measurement and market research were not included in this list. Three of them (e.g. WPP, GfK, VNU) would have ranked higher.

10 Cosmetics

	Industry report score
1 Kao	5.96
2 L'Oréal	4.97
3 Oriflame	4.21

Where is... Estée Lauder? (3.72)

Certainly a classy way to pass CEO's baton. Compare with a showdown in Chicago or getting axed in Munich these recent years. But where is the business review? And who is who? A bit of style, some makeup, but a real lack of substance.

Note: The "Big Two" Procter & Gamble and Unilever have not been included, as they have a much more diversified portfolio than cosmetics only. They would have topped the industry ranking. Consumer and hygiene products are not placed in this category. In case they were, SCA and, to a lesser extent, Kimberly-Clark would lead the pack.

11 Utilities

	Industry report score
1 CLP	7.03
2 Scottish Power	6.11
3 RWE	5.46

Where are... the two British "sisters"? BG (5.11)

"Governance Framework" clearly lists "Matters reserved to the Board", places committees in a box and displays attendance. Bubbling under because of poor design.

Centrica (3.93)

"Creating shareholder value lies at the heart of our strategy." And then: "This report does not constitute an invitation to... acquire or dispose of any Centrica shares." Why making a report, then?

12 Industrial equipment

	Industry report score
1 Atlas Copco	6.61
2 Volvo	6.50
3 Caterpillar	6.35

Where is... Kone? (3.54)

The "world's fourth largest elevator company" has some excuses, as it has to report in the process of demerging. Chance for a comeback?

13 Cars

	Industry report score
1 Volkswagen	6.21
2 Honda	6.11
3 Toyota	5.96

Where is... General Motors? (N/A)

"Reeling," to quote the Wall Street Journal (June 17, 2005). When was the last time we saw a (poorly segmented) GM report?

Note: A broader definition of the industry, encompassing other motor vehicles, would look rather different, with Volvo and Harley-Davidson in top 3.

14 Mailing and logistics

	Industry report score
1 TNT (TPG)	7.11
2 Fedex - Exel	5.86
3 Deutsche Post	5.33

Where is... UPS? (4.90)

"UPS produces the best financial returns in the industry" (pp 6-7). Perhaps, why then not proving it with comparisons with the archrivals?

15 Pharmaceutical (large)

	Industry report score
1 Novartis	6.64
2 GlaxoSmithKline	5.55
3 AstraZeneca	5.00

Where are... Merck, Sanofi-Aventis, Roche, Wyeth, et al. (N/A)?

None of those had reached us by survey completion date. Bar a few exceptions, it seems increasingly difficult to receive -or retrieve- reports from large healthcare groups. Why's that?

Note: Like other "pharmaceutical" firms, Bayer was not considered here, due to the fact that external sales in healthcare account there for less than 40% of total revenues. Included, the German group would have been a close second to Novartis. Midcaps were not included.

How we do it

HOW companies were selected

What is our universe?

The Report Watch monitoring process, a joint initiative of Corporate Essentials, Inc. and enterprise.com, consists in selecting a sample of listed companies around the globe. What is our universe? We do not claim to have all companies from everywhere selected. But it is fair to say that our list of companies is a representative cross section of the relative importance of stock markets, and the industrial and geographical diversity. Therefore, our selection has always been based on five major criteria:

- Company position;
- Market, financial and commercial performance (or problems);
- International presence;
- Peer groups;
- Past reporting performance.

Those features can either complement or contradict each other. Our selection is based on published rankings as well as on a continuous market monitoring and database updating.

Were considered for selection for this 2005 survey: 1,100 listed companies reporting for a fiscal year having ended in 2004. 1,100 is a big number. And a small one, too. Although striving for a sample as representative and large as possible, we easily admit to cover a small portion

of the worldwide quantity of listed companies, estimated at 35,000! A survey of all of them would be a mission impossible to accomplish. Even gathering larger resources wouldn't probably allow a publication... until the next annuals would be on their way! And it would probably prevent us from reaching our main goals: to benchmark best -and worst- practice in order to continuously enhance financial reporting, investor information and corporate communication standards.

Who can run?

Were 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 and similar financial institutions;
- Public agencies;
- Non-profit organizations;
- Reports for a fiscal year before 2004

Feel, touch and cut-off

Any company -even not listed or currently planning a listing- may submit its report for rating. However, the report is subject to the same criteria as the ones applying to listed corporations. Likewise, any company officer or duly mandated officer has the right to decline to participate in our survey and to compete for scoring, rating and ranking.

Forms 10-K, 20-F or other similar forms are considered as annuals and are therefore subject to the same criteria as more finished and communicative documents. This may seriously impact on the report reviews.

Only the documents received by the May 31 deadline (this year extended to June 15) were scanned and scored, which may also have a significant impact on the evaluation and resulting score. Only printed annual reports were considered for the Report Watch evaluation process. Reports were requested via e-mail, by fax or through the website. A maximum of two requests is our normal policy, but we admit having had to chase some more actively! 30% of requests had to be made two times or more, sometimes unsuccessfully, as one can see from a certain number of blue chips out of the ranking. Some people, including company officers, don't seem to be keen to compete.

Why are internet downloads not considered? First, because we believe it is the right of any shareholder or investor or any third party to ask and receive a copy of annuals -and the job of someone in any listed company to send them out, instead of simply inviting them to download. Second, because the best way to use downloads for analysis is... to print them out! Last but not least, the feel and touch of a printed report cannot be compared with the annoying process of searching, downloading, printing out, flipping through (loose leaves!), and filing a PDF. e.com reserves the right to score any report received whether it is made available by the company or obtained via another distribution channel (transfer agents, report distribution services,

investment funds, communication agencies, etc.) except of course in case of explicit refusal. Reports submitted by auditors should require the company's approval. Selection or submittal do not guarantee scoring, rating and final ranking.

Except of course for report mailing costs incurred, participation to the survey is entirely free of charge. The use of e.com report evaluation services is no prerequisite to -and not guarantee for- rating or ranking and is independent of the Report Watch process and the results as published in the Annual Report on Annual Reports.

HOW reports were scored

(see page 4)

HOW reports were rated

Spot checks and spot on

After the selection of companies and the tiring report requesting period, the tireless (and continuing) scoring process started at e.com, based on the above criteria. This year the Report Watch included a double-check of a significant number of reports by external analysts and business school students who were asked to spot one point, one item or one page (or more) in selected reports, good or bad. A surprising one, a good one, an original one, or a (very) bad one. Results and comments have been used in this report.



The Report Watch rating panel - Who is who?

The Report Watch exercise then consisted in submitting a number of selected reports to an international rating panel. Peer groups were made up so that panelists could work out industry reporting comparisons.

The primary role of the rating panel is to reassess reports scored by e.com. As a result, some reports were upgraded while others were marked down. The panel's output was then merged with e.com's own results to make up a final rating and ranking as it appears in this publication.

Panelists were also invited to single out on one or more reports. Panel members have to judge independently of e.com scoring process. For that reason internal score and ranking are not disclosed in advance to panelists. Panel members must judge as much as possible independently of their own interests or their company position. With that aim, panelists who come from a company or have a customer whose report is selected or ranked are not allowed to assess or compare it. Panelists' individual votes are not publicly disclosed.

This year's rating panel was composed of:

> Ruth Arnold

Based in Louisville (Kentucky), Ruth Arnold is a communication specialist and business writer serving clients primarily

in the service and high-tech industries. Over a 16-year tenure in corporate communication, she has played key roles in developing and executing a range of internal and external projects for organizations including Canon Europe, KPMG, TNT, the Netherlands Foreign Investment Bank and software maker Tridion. A graduate of Ohio University's School of Journalism, Ruth also holds a master of arts degree in marketing from Webster University. Her work has been honored with numerous regional and international awards, including two Gold Quills from the International Association of Business Communicators (IABC).
E-mail: rutharnold@insightbb.com

> Vero Escarmelle (panel adviser).

Before being an International Project Coordinator at Research International (R.I., a WPP company that specializes in market research), and after a three-year stint as a European marketing manager for a U.S. company, Vero was the co-founder of the reporting unit at The Enterprise Group (later spun off into e.com). At that time she spent five years on the annual report coordination for a large bank and supervised "marcom" aspects of a big European program towards Southeast Asian economies. She played an active role in the e.com spin-off and the expansion of report evaluation services and has stayed a permanent consultant to the company on marketing, communication and visual sides of reporting.
E-mail: vero.e@reportwatch.net

> Kaevan Gazdar

Responsible for Reporting at HVB Group (HypoVereinsbank), Germany's second largest bank set to merge with Italian Unicredito. Its annual reports received the prestigious German Manager Magazin awards six times in succession. The 2002 Sustainability Report of HVB was among the Best Five of CSR Network's Benchmark Survey of Global Reporting at the world's 100 largest companies. Kaevan is co-author of the annual report book "Geschäftsbericht ohne Fehl und Tadel" and also published a book on corporate citizenship and sustainability "Unternehmerische Wohltaten: Last oder Lust?"

He is also a regular writer for magazines like Investor Relations and is an Advisory Board member of Ethical Corporation.
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> Catherine Gordon

A founder and the President of SimpleLogic, Inc. (Toronto, Ontario), whose purpose is "to bring clarity to business communication". Her aim is to help companies -many of them in the banking and insurance sector (including mutual funds)- communicate clearly and cost effectively with all their stakeholders. She manages a team of reporting specialists who deal with information process analysis, plain language writing and document design. A member of the Investment Funds Institute of Canada and the NIRI in the U.S., Catherine is regularly invited to speak to regulators, law firms and industry organizations about the benefits of clear communication.
E-mail: cgordon@simple-logic.com

> Mike Guillaume

After having worked as a consultant for the U.S.-based Proudfoot Corp., Mike was a co-founder and executive director of The Enterprise Group (established 1986) where he set up the reporting unit and created the Annual Report on Annual Reports (1996). He took part in more than 600 business plans and financial reports, placing a special emphasis on communication with financial markets in Europe, North America and Southeast Asia. He led the spin-off that resulted in e.com (now controlled by U.S.-based Corporate Essentials, Inc.) and has been a manager of the European Office ever since. These last years Mike has worked directly on or supervised report benchmarking for 80+ listed international companies. E-mail: mike.g@reportwatch.net

> Henner Lappe

PhD, a co-founder of Com.factory (Basel) and partner/member of the board of Trimedia Communications Switzerland AG, has comprehensive experience in marketing research and communication. He has more than 10 years of experience in concept development, implementation and evaluation of annual reports, with a number of Swiss

blue-chip corporations in his roster.
E-mail: hlappe@comfactory.ch

> Dennis Larsen

After receiving his M.Sc. in Economics from the Erasmus University (Netherlands), Dennis moved on to do research on corporate reputation and financial communication. Parallel with working as a consultant for the Reputation Institute at the Rotterdam School of Management, he obtained a Master in Corporate Communications degree. He contributed to the research behind "Fame and Fortune- How Successful Companies Build Winning Reputations". Now with ReputationInc. in London where he continues to develop and apply reputation management techniques, he provides strategic counsel to corporate clients, individuals, and governments. Dennis continues to comment regularly on reputation management issues in the Financial Times, Legal Week and the Corporate Reputation Review.
E-mail: Dlarsen@reputation-inc.com

> Reg Pauffley

Acknowledged as one of the most widely experienced figures in international corporate communication as a whole and annual reporting in particular, Reg Pauffley was the founder and manager of what is now Pauffley Creative Communication (now owned by Omnicom) in London. Reg's assignments included BP, Electrolux, Nokia, Credit Suisse, Marks & Spencer and many other FTSE companies. He now works in a more direct consultancy role on communication, visual and branding aspects of reporting with the senior management of a number of selected blue-chip clients in the UK, Scandinavia, Portugal and the U.S.
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HOW annuals were graded

(see page 2)

THE ANNUAL REPORT ON ANNUAL REPORTS 2005

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1. 2004 (2003 reports)

N° 1: Wells Fargo (U.S.) - Illustrates some of the key features of greater reports: a strong -and sustained- theme, a straightforward CEO statement, clear (and long-term) performance measures (no less than 15 here), and solid financials.

2. 2003 (2002 reports)

N° 1: SCA (Sweden) - Has typified the qualities of the best Swedish reports for years: clearly structured, highly investor-oriented, striking a balance between facts and figures, strong on segmentation. All packed a compact and (some say too) functional way. Cut above the rest? Sustained efforts, targets shown, brilliant overviews, and a substantial separate environmental report.

3. 2002 (2001 reports)

N° 1: Bank of Montreal (Canada) - A well-deserved award for a long-lasting benchmark, not only for banking reports but across the board, made of a blend of informative thoroughness (extraordinary historical data) and communicative pluses. Where so many keep on going for opacity, evasiveness, cosmetic surgery, or even misrepresentation, BMO took the opposite course.

4. 2001 (2000 reports)

N° 1: IBM (U.S.) - "A big blue way to make A+," covered we. An original text-based cover (much copied since), announcing a strong and honest theme, long-term highlights, worthy facts and figures, and those assertive Gerstner's statements! Still, while

covering it with confidence and ahead of most rivals, IBM had not yet fully delivered on the financials.

5. 2000 (1999 reports)

N° 1: Ford Motor (U.S.) - Besides the multi-local multi-cover approach: a straightforward CEO's report, a checkup of performance achieved, objectives for the next year, product pictures all across. Impression: a real market drive with cruise control.

6. 1999 (1998 reports)

N° 1: Sara Lee (U.S.) - A strong brand and product-driven theme, keeping up with solid contents including compound growth rate and financial goals range, and an informative use of back cover. Dealt with humorous dashes. The heyday

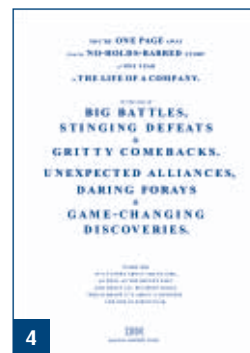
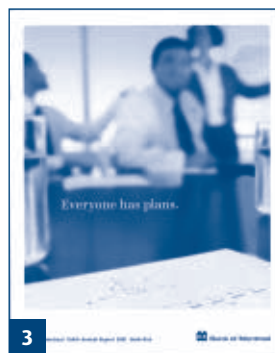
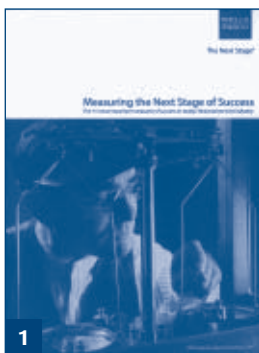
of American reports, when communication was prevailing over compliance.

7. 1998 (1997 reports)

N° 1: Sara Lee (U.S.) - Clever, great ingredients, ready-to-use financials, strong charts, packed with class. Was at that time one of the first U.S. reports to display a separate commentary by the CFO, a practice that has not been much emulated.

8. 1997 (1996 reports)

N° 1: Quaker Oats (U.S.) - Well-packed, rich in business food, financial vitamins, fat-free strategic information and managerial magnesium. Because the last copy of the 1996 report available was handed on, the cover featured here is the 1997 one. Quaker Oats was acquired by Pepsico.





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